

# SOI BULLETIN



Department of the Treasury  
Internal Revenue Service

Volume 6, Number 4

Spring 1987

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Department of the Treasury  
Internal Revenue Service

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The SOI Bulletin provides the earliest published annual financial statistics from various types of tax and information returns filed with the Internal Revenue Service. It also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data are provided for selected types of taxpayers, as well as the gross internal revenue collections and other tax related items.

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division, D:R:S, Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on income tax returns can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Overall policy review of the SOI Bulletin was conducted by the Office of Tax Analysis, under the direction of Thomas Neubig. For this issue, those assisting in the review were Edith Breshares, Timothy J. Goodspeed, Daphne A. Kenyon, and Jenny B. Wahl. Robert A. Wilson and Bettye Jamerson of the Statistics of Income Division were the technical editors and were assisted by Clementine D. Brittain who provided editorial assistance and did the copy preparation.

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# NEW STATISTICAL SERVICES

(Available from Statistics of Income Division)

As part of the Statistics of Income program a series of new services is now being offered (see below). Detailed information on these statistical services can be obtained by writing to Director, Statistics of Income Division (D:R:S), Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC 20224. Purchase is by check made payable to the IRS Accounting Section.

## **Studies of International Income and Taxes, Publication 1267 — Price \$45.00**

Purchase price includes a 516-page document for 1979–83 that presents information from 13 Statistics of Income studies in the international area, including:

- Foreign activity of U.S. corporations
- Activity of foreign corporations in the U.S.
- Foreign interests in U.S. corporations
- Statistics related to individuals, trusts, and estates
- Data presented by—  
geographical area or  
industrial activity, as well as  
other classifiers

Purchasers of this service also will be provided with additional information for one year as it becomes available. The one year period for receiving additional information can be extended at a cost of \$35.00 per year. A long-term subscription (\$150) includes the compendium and additional information as it becomes available through August 1990. (The next compendium is scheduled for release in September 1990.)

## **Individual Income Tax Returns, Publication 1304 — Price \$30.00**

Purchase price includes a 135-page document for 1984 presenting Statistics of Income data and tables on:

- Sources of income
- Exemptions
- Itemized deductions
- Tax computations
- Data presented by—  
size of adjusted gross  
income, marital status

Purchasers of this service also will be provided with additional articles relating to 1984 data and preliminary 1985 data as they become available and will be notified of future statistical releases relating to individual income tax returns.

## **Partnership Returns, Publication 369 — Price \$22.00**

Purchase price includes a 314-page document for 1978–82 presenting previously unpublished Statistics of Income data for 1980, 1981 and 1982, as well as data previously issued in other publications. Features include:

- Number of partnerships
- Limited partnerships
- Receipts
- Cost of sales and operations
- Deductions
- Net income
- Capital gains
- Data presented by—  
industry  
size of total assets  
state  
number of partners

Purchasers of this service also will be provided with data for 1983 and 1984 as they become available and will also be notified of future statistical releases relating to partnership returns.

## **Other Services — Price dependent on the request**

- Unpublished tabulations from SOI program are available. Includes detailed tables underlying those published in SOI Bulletin.
- Special tabulations produced to user specifications.
- Public use tape files, including the Individual Tax Model (1978–1984), among others. (Earlier files are available from the Machine Readable Branch (NNSR) of the National Archives, Washington, DC 20408.

# BUSINESS SOURCE BOOKS

(Available from Statistics of Income Division)

In addition to the Corporation Source Book, two others are now being offered by the Statistics of Income Division (see below). Information can be obtained by writing to Director, Statistics of Income Division (D:R:S) at the address above. Purchase of Source Books should be made at time of request by check payable to the IRS Accounting Section.

## **Corporation Source Book, 1983, Publication 1053 — Price \$175.00**

This is a 480-page document that presents detailed income statement, balance sheet, tax and investment credit items by major and minor industries and size of total assets. This report is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150). A magnetic tape containing the tabular statistics for 1983 can be purchased for \$1,500.

## **Partnership Source Book, Publication 1289 — Price \$30.00**

This is a 291-page document showing key partnership data for 1957 through 1983, at the minor, major and division industry level. Includes a historical definition of terms section and a summary of legislative changes affecting partnerships during that period. Tables feature:

- Number of partnerships
- Number of partners
- Business receipts
- Depreciation
- Taxes paid deductions
- Interest paid
- Payroll
- Payments to partners
- Net income

Purchasers of this service also will be advised of the release of subsequent years' data. A magnetic tape containing the tabular statistics can be purchased for an additional \$200.

## **Sole Proprietorship Source Book, Publication 1323 — Price \$95.00**

This Source Book is a companion to that for partnerships, shown above. It is a 244-page document showing key proprietorship data for 1957 through 1984. Each page contains statistics for a particular industry. Included will be data on:

- Number of business
- Business receipts
- Interest paid
- Depreciation
- Taxes paid deductions
- Payroll
- Net income

As with Partnerships, a magnetic tape containing the tabular statistics can be purchased for \$245.

## **OTHER PUBLICATIONS**

(Available from Superintendent of Documents GPO, Washington, D.C. 20402)

### **The Statistics of Income (SOI) Bulletin (Quarterly) — Publication No. 1136**

Subscription price \$16.00; Single copy price \$6.00

The SOI Bulletin provides the earliest published financial statistics from the various types of tax and information returns filed with the Internal Revenue Service. The Bulletin also includes information from periodic or special analytical studies of particular interest to tax administrators and economists.

### **Statistics of Income—1983, Corporation Income Tax Returns, Publication No. 16** Price \$8.00

Presents information on—

- Receipts
- Deductions
- Net income
- Taxable income
- Income tax

- Tax credits
- Distributions to stockholders
- Assets
- Liabilities

Data classified by—

- industry
- accounting period
- size of total assets
- size of business receipts

## Articles in Preparation for Upcoming Issues

- Salaries and Wages of Husbands and Wives, 1983
- Individual Foreign Tax Credit and Income Earned Abroad, 1982
- Foreign Investment and Activity in the U.S. through Corporations, 1983
- Taxpayer Usage of Forms 1040, 1040A and 1040EZ, 1986
- SOI Studies of Wealth and Tax Exempt Organizations
- Partnership Returns, 1985
- Sole Proprietorship Returns, 1985
- Corporate Tax Adjustments and Post-Filing Activity, 1978-83

**NOTE TO USERS:** Please take time to complete the survey form at the back of this publication. No postage or envelope is required. Your input will help us to be more responsive to the information needs of our users. Thank you for your cooperation.

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# High Income Tax Returns for 1984

By Allen H. Lerman\*

Each year, a small number of individual income tax returns report income of \$200,000 or more but do not show any income tax liability. Although such returns represent only a tiny fraction of all Federal income tax returns with high incomes, they generate a great deal of interest. Interest focuses on the features of the income tax system that seem to permit some high-income people to completely avoid Federal income tax at the same time that other taxpayers, most of whom have much lower incomes, have tax liabilities amounting to significant shares of their incomes. Information on the reasons for nontaxability may provide a basis for discussing whether such features are necessary and appropriate in a broad-based income tax system.

Two different income concepts are used in determining whether a tax return falls into the high-income category. For 1984, each of these definitions shows a different pattern of change from 1983. As measured by "adjusted gross income" (AGI), the number of nontaxable, high-income returns increased for 1984. As measured by "expanded income," nontaxable, high-income returns declined significantly. No reasons are offered in this article for these different patterns.

The number of nontaxable, high "adjusted gross income" returns increased for 1984, continuing the dramatic rise which occurred for 1983. By this income measure, nontaxable, high-income returns as a share of all high-income returns reached a level not seen since before the enactment of the Tax Reform Act of 1976. For 1984, 471 high-AGI returns (out of a total of 243,760 high-AGI returns) had no tax liability either to the United States or to a foreign government, an increase of 47 percent from the 1983 level. From 1983 to 1984, the proportion of high-AGI returns which were nontaxable increased by 19 percent from 0.162 percent to 0.193 percent of all high-AGI returns.

However, the "expanded income" definition of income — the one deemed to be a "better" definition of income — indicates that the number of nontaxable, high-income returns declined significantly for 1984 both in absolute numbers and as a proportion of all high expanded-income returns. By this measure, the share of nontaxable, high-income returns returned to about the level typical of the period from 1977 through 1982. As measured by expanded income, the number of high-income returns not showing any income tax liability to either the United States or a foreign government decreased by 38 percent, from 437 for

1983 to 271 for 1984 (out of a total of 310,042 high expanded-income returns for 1984). From 1983 to 1984, the proportion of high-income returns that was nontaxable fell by one-half from 0.175 percent to 0.087 percent of all high expanded-income returns.

The Tax Reform Act of 1976 required annual publication of data on individuals with high incomes including the number of such individuals who did not pay any income tax and the importance of various tax provisions in making those individuals nontaxable [1]. The 1976 Act specified that the tax return data be tabulated using four different concepts of income [2]. The Deficit Reduction Act of 1984 eliminated the requirement for publishing data for the two lesser-used income concepts [3].

This article is part of a continuing series of reports summarizing the characteristics of high-income returns and the numbers of nontaxable, high-income returns since 1974. Reports covering 1974 through 1976, including the basic data and analyses of their implications, have been published by the U.S. Department of the Treasury's Office of Tax Analysis [4]. To make high-income data available to a wider audience, since 1979 selected data for high-income individuals, taxable as well as nontaxable, have been published, without analysis, by the Internal Revenue Service in separate chapters of each year's *Statistics of Income—Individual Income Tax Returns* [5]. Data for 1983, including a discussion of the data and of the implications of certain changes, have been published in a previous issue of the SOI Bulletin [6]. The basic data for 1984 which are included in Tables 1 through 12 and the material included in the appendices have been published previously in the *Statistics of Income* volume for 1984 [7].

This article consists of brief descriptions of twelve tables of data mainly from high-income tax returns for 1984. It also includes selected observations about the 1984 data, and a summary of how the numbers of high-income returns and, especially, nontaxable, high-income returns have changed since 1977. At the end of the article are two appendices which include outlines of the definitions and concepts which are crucial to an understanding of high-income tax returns in general and nontaxable, high-income returns in particular. Appendix A, "Income Concepts: A Primer," describes and explains the differences between the two major and two minor concepts used to measure income. Appendix B, "Measurement of Taxes," discusses the proper measure-

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\*Office of Tax Analysis, U.S. Department of the Treasury.

ment of income tax burdens, explains the different treatment of the foreign tax credit, outlines the methodology used to equate the importance of exclusions and deductions as compared with tax credits, and reviews certain limitations in the data underlying this article.

This article includes twelve basic tables with data representing 1984 income tax returns, mainly those with incomes of \$200,000 or more under one or more concepts of income. For comparability with data for earlier years, some of the data are shown for all four income concepts, including the two no longer required by statute. Most of the data are shown for taxable and nontaxable returns both separately and combined.

The tables show:

- The numbers of total and high-income returns (taxable, nontaxable, and combined) under each of the four income concepts (Tables 1 and 2);
- The distributions of taxable income as a percentage of total income (Tables 3 and 4);
- The frequencies and amounts of various sources of income, exclusions, deductions, taxes, and tax credits, as well as the relationships among all four income concepts used in this article (Tables 5 and 6);
- The frequencies with which various deductions and tax credits are the most important and second most important items in reducing (or eliminating) income taxes (Tables 7 and 8);
- The frequencies with which various itemized deductions and tax credits occur as certain percentages of income (Tables 9 and 10); and
- The distributions of effective tax rates, i.e., income tax as a percentage of income (Tables 11 and 12).

In addition to the data on high-income returns, the tables distribute all 1984 returns by broad income classes and cross-tabulate numbers of returns in each income class by the various income concepts. For purposes of comparison, the tables with distributions of returns by their effective tax rates include distributions for returns other than high-income returns.

Tables 1, 3, 5, 7, 9, and 11 contain data with foreign tax credits treated as items which reduce U.S. income taxes; this is the treatment on tax returns. Tables 2, 4, 6, 8, 10, and 12 are similar to the first set of tables but treat foreign tax credits as part of the individual's income tax liability. In these tables, tax is referred to as "modified total income tax." This different treatment is explained in more detail under the heading "Foreign Tax Credits" in Appendix B.

The article also includes five text tables (Figures A, B, C, D, and I) and four charts (Figures E through H) which either summarize the frequency of total or nontaxable, high-income returns over time, from 1977 through 1984, or show the changes between 1983 and 1984.

## NUMBERS OF HIGH-INCOME TAX RETURNS

For 1984, the numbers of tax returns with incomes of at least \$200,000 ranged from 229,809 to 325,269, depending on the income concept. These numbers represent from 0.23 percent to 0.31 percent of all tax returns filed (Tables 1 and 2).

Over time, the number of returns with incomes of \$200,000 or more has been increasing more rapidly than the total number of returns. This pattern is true regardless of income concept. Thus, each year high-income returns have been a larger share of all returns than in the preceding years (Figure A). For each of the four income concepts, the share of returns with incomes of at least \$200,000 more than quadrupled from 1977 to 1984. For example, for 1977, there were under 68 thousand high expanded-income re-

**Figure A.—Comparison of All Returns and Returns with Income of \$200,000 or more by Income Concept, 1977–1984**

Income concept	1977	1978	1979	1980	1981	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Number of Returns</b>								
All returns	88,634,640	89,771,551	92,694,302	93,902,459	96,396,123	95,337,432	96,321,310	99,438,708
Returns with income \$200,000 or more by income concept:								
Adjusted gross income (AGI)	53,403	68,506	93,731	117,250	138,136	169,367	198,608	243,760
Expanded income	67,580	85,137	122,231	149,826	175,092	207,291	249,319	310,042
AGI plus excluded preferences	70,941	90,266	129,437	158,836	186,890	220,060	262,453	325,269
AGI less investment interest	50,166	64,192	87,612	109,253	127,768	158,760	187,321	229,809
<b>Percentage of All Returns</b>								
All returns	100%	100%	100%	100%	100%	100%	100%	100%
Returns with income \$200,000 or more by income concept:								
Adjusted gross income (AGI)	.060	.076	.101	.125	.143	.178	.206	.245
Expanded income	.076	.095	.132	.160	.182	.217	.259	.312
AGI plus excluded preferences	.080	.101	.140	.169	.194	.231	.272	.327
AGI less investment interest	.057	.072	.095	.116	.133	.167	.194	.231

turns, representing 0.076 percent of all returns filed. By 1984, there were more than 310 thousand such returns, representing 0.312 percent of all returns. Between 1977 and 1984, as real incomes (income adjusted for inflation) increased and as inflation raised the number of people with higher money incomes, the number of income tax returns showing incomes of at least \$200,000 grew at an annual rate of more than 22 percent compared with an average annual increase of under 1.7 percent for the total number of income tax returns filed (Figure B).

### NONTAXABLE, HIGH-INCOME RETURNS

For 1984, there were 310,042 income tax returns with expanded income of \$200,000 or more. Of these, 325 or 0.105 percent, had no U.S. income tax liability, and only 271, or 0.087 percent, showed no worldwide income tax liability (Figure C). If U.S. tax liability on worldwide income is considered, these 1984 levels represent a 44 percent decline in the number and a 55 percent decline in the share of nontaxable, high expanded-income returns from 1983 (Fig-

**Figure B.—Percentage Change in All Returns and Returns with Income \$200,000 or more by Income Concept, 1978–1984**

Income concepts	Percentage change from preceding year						
	1978	1979	1980	1981	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns .....	1.3%	3.3%	1.3%	2.7%	- 1.1%	1.0%	3.2%
Returns with income \$200,000 or more by income concept:							
Adjusted gross income (AGI) .....	28.3	36.8	25.1	17.8	22.6	17.3	22.7
Expanded income .....	26.0	43.6	22.6	16.9	18.4	20.3	24.4
AGI plus excluded preferences .....	27.2	43.4	22.7	17.7	17.7	19.3	23.9
AGI less investment interest .....	28.0	36.5	24.7	16.9	24.3	18.0	22.7

**Figure C.—Returns with Income \$200,000 or more: Comparison of Nontaxable Returns and All Returns by Income and Tax Concept, 1977–1984**

Income and tax concept	1977	1978	1979	1980	1981	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Number of Nontaxable Returns with Income \$200,000 or more</b>								
Returns with no total income tax by income concept:								
Adjusted gross income (AGI) .....	60	98	70	143	226	262	447	532
Expanded income .....	85	105	114	198	304	299	579	325
AGI plus excluded preferences .....	95	113	127	242	363	385	810	673
AGI less investment interest .....	52	90	56	120	188	223	229	205
Returns with no modified total income tax by income concept:								
Adjusted gross income (AGI) .....	37	60	28	56	79	109	321	471
Expanded income .....	64	67	64	114	114	153	437	271
AGI plus excluded preferences .....	72	75	74	154	156	232	663	612
AGI less investment interest .....	31	52	18	36	54	78	108	152
<b>Percentage of All Returns with Income \$200,000 or more</b>								
Returns with no total income tax by income concept:								
Adjusted gross income (AGI) .....	.112%	.143%	.075%	.122%	.164%	.155%	.225%	.218%
Expanded income .....	.126	.123	.093	.132	.174	.144	.232	.105
AGI plus excluded preferences .....	.134	.125	.098	.152	.194	.175	.309	.207
AGI less investment interest .....	.104	.140	.064	.110	.147	.140	.122	.089
Returns with no modified total income tax by income concept:								
Adjusted gross income (AGI) .....	.069	.088	.030	.048	.057	.064	.162	.193
Expanded income .....	.095	.079	.052	.076	.065	.074	.175	.087
AGI plus excluded preferences .....	.101	.083	.057	.097	.083	.105	.253	.188
AGI less investment interest .....	.062	.081	.021	.033	.042	.049	.058	.066

<sup>1</sup> Percent of all returns with income \$200,000 or more, for each concept.

## High-Income Returns, 1984

ure D). The share of 1984 nontaxable returns is lower than any year except 1983. The pattern of change is similar if worldwide tax liability on worldwide income is used as the yardstick. The number of nontaxable returns declined by 37 percent between 1983 and 1984, and the share of nontaxable returns declined by 50 percent to a level only slightly higher than the years before 1983.

Of the 243,760 tax returns for 1984 with AGI of \$200,000 or more, 532 or 0.218 percent, reported no U.S. income tax, and 471, or 0.193 percent, had no worldwide tax liability (Figure C). These numbers for nontaxable, high-AGI returns represent a significantly different pattern of change than that shown for nontaxable, high expanded-income returns. If only U.S. tax liability is considered, the number of nontaxable, high-AGI returns increased by 19 percent from their 1983 level to a new post-1976 high (Figure D). Their share of all returns declined by a modest 3 percent, remaining very close to their post-1976 peak. If worldwide tax liability is considered, both the number and percentage of nontaxable, high-AGI returns reached new highs. The number of returns increased by 47 percent to 471; the share of nontaxable returns reached 0.193 percent or almost one out of every 500 high-income returns. A high-AGI return was 6.4 times more likely to be nontaxable for 1984 than for 1979.

The patterns of year-to-year percentage change for the actual numbers of high-income returns for each income concept as measured by both U.S. and worldwide nontaxability are summarized in Figure D for each of the years 1978 through 1984. The 1984 data are unique in that the direction of change between AGI and expanded income is more markedly different than prior years.

Figures E through H illustrate how the numbers of nontaxable, high-income returns and their proportion of all high-income returns varied between 1977 and 1984. Figure E is for high-AGI returns with no U.S. tax. Figure F is for high expanded-income returns with no U.S. tax. Figure G is for high-AGI returns with no worldwide tax and Figure H is for high expanded-income returns with no worldwide tax.

For returns which were nontaxable in the United States as the result of foreign tax payments, the declines as percentages of all high-income returns were even larger, both from 1982 to 1983 and from 1983 to 1984. Thus, the fact that a high-income return was nontaxable for 1984 is far less likely to be attributable to the existence of a foreign tax credit than at anytime since 1977. By 1984, fewer than one out of six

**Figure D.—Percentage Change in Nontaxable Returns with Income \$200,000 or more, 1978–1984**

Income and tax concept	Percentage change from preceding year						
	1978	1979	1980	1981	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Returns without total income tax by income concept:							
Adjusted gross income (AGI) .....	63.3%	-28.6%	104.3%	58.0%	15.9%	70.6%	19.0%
Expanded income .....	23.5	8.6	73.7	53.5	-1.6	93.6	-43.9
AGI plus excluded preferences .....	18.9	12.4	90.6	50.0	6.1	110.4	-16.9
AGI less investment interest .....	73.1	-37.8	114.3	56.7	18.6	2.7	-10.5
Returns without modified total income tax by income concept:							
Adjusted gross income (AGI) .....	62.2	-53.3	100.0	41.1	38.0	194.5	46.7
Expanded income .....	4.7	-4.5	78.1	.0	34.2	185.6	-38.0
AGI plus excluded preferences .....	4.2	-1.3	108.1	1.3	48.7	185.8	-7.7
AGI less investment interest .....	67.7	-65.4	100.0	50.0	44.4	38.5	40.7

Figure E.

**Number and Percentage of Returns with Adjusted Gross Income of \$200,000 or More Without Total Income Tax, 1977-1984**

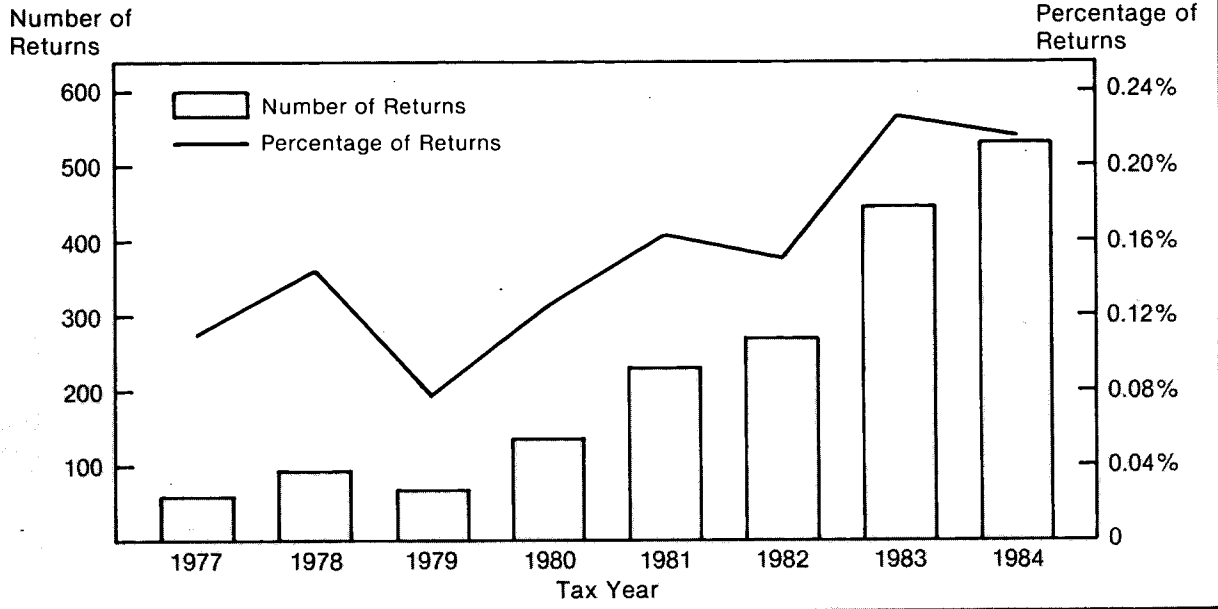


Figure F.

**Number and Percentage of Returns with Adjusted Gross Income of \$200,000 or More Without Total Income Tax as Modified for the Foreign Tax Credit, 1977-1984**

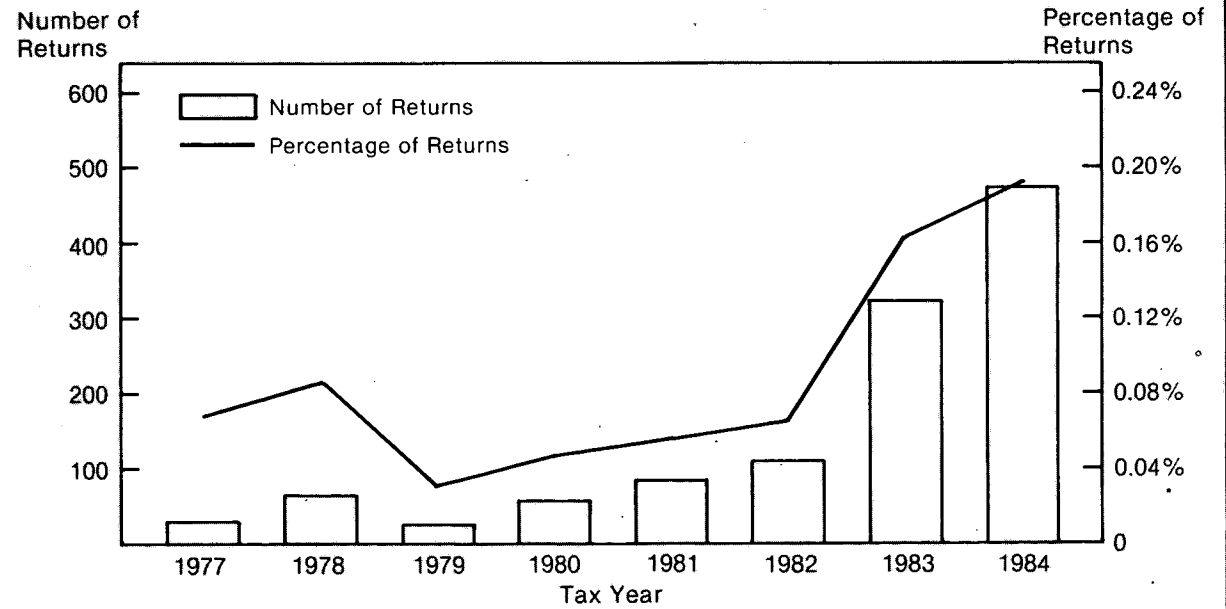


Figure G.

**Number and Percentage of Returns with Expanded Income of \$200,000 or More Without Total Income Tax, 1977-1984**

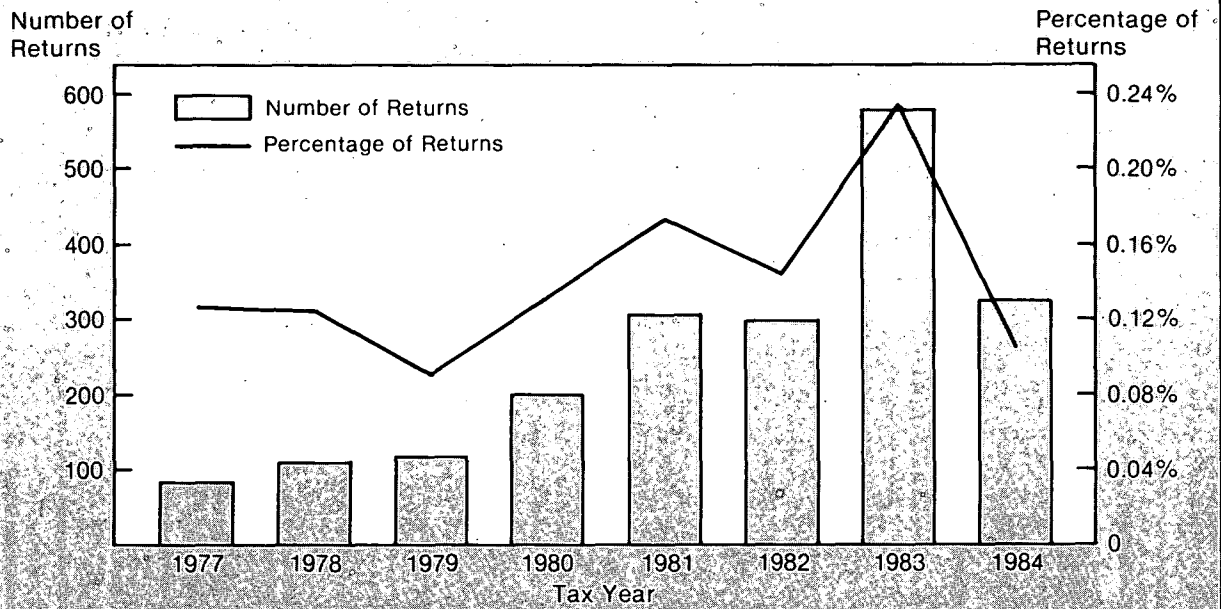
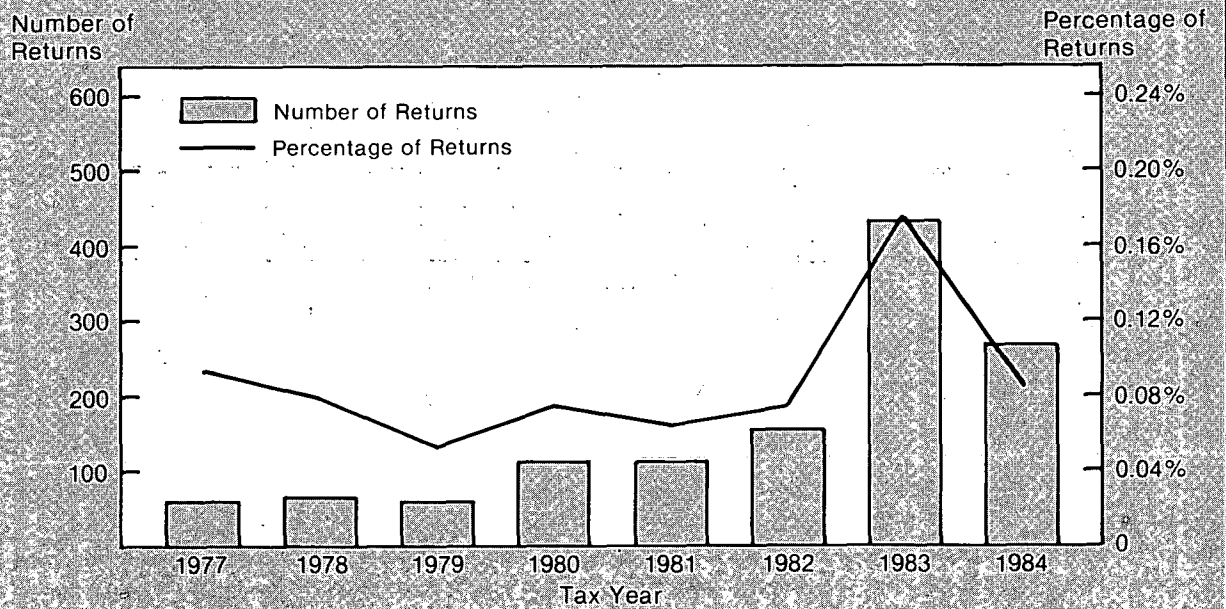


Figure H.

**Number and Percentage of Returns with Expanded Income of \$200,000 or More Without Total Income Tax as Modified for the Foreign Tax Credit, 1977-1984**



## FOREIGN INCOME TAX PAYMENTS

Data in Figure C can be used to calculate the numbers of nontaxable returns due primarily to foreign income tax payments, as evidenced by foreign tax credits shown on U.S. income tax returns. The results of these calculations which indicate the number of returns that would not have been nontaxable in the United States except for foreign tax payments are shown in Figure I. Between 1983 and 1984, the number of such returns actually declined by more than one-half, no matter which income concept is considered. This sharp decline followed a marked, but more modest, decline between 1982 and 1983.

nontaxable, high-income returns were nontaxable in the United States because the U.S. tax liability was wiped out by a foreign tax credit. This decline in the importance of the foreign tax credit in completely eliminating taxability does not seem to be the result of legislated change. At this point, the author cannot offer a reason for this apparently significant change.

## DISTRIBUTION OF TAX LEVELS

Tables 3 and 4 show the distributions of high-income returns by the ratios of taxable income (as adjusted to reflect tax credits and special tax computations) to total income on the returns [8]. The tables illustrate three important facts

**Figure I.—Nontaxable Returns With Income of \$200,000 or More: Number and Change in Number Because of the Foreign Tax Credit, 1977–1984**

Income concept	1977		1978		1979		1980	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
Returns nontaxable due to foreign tax credits by income concept:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Adjusted gross income (AGI) .....	23	.043%	38	.055%	42	.045%	87	.074%
Expanded income .....	21	.031	38	.045	50	.041	84	.056
AGI plus excluded preferences .....	23	.032	38	.042	53	.041	88	.055
AGI less investment interest .....	21	.042	38	.059	38	.043	84	.077
	Change	Percentage change from prior year	Change	Percentage change from prior year	Change	Percentage change from prior year	Change	Percentage change from prior year
Change from previous year in returns nontaxable due to foreign tax credits:	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Adjusted gross income (AGI) .....	( <sup>1</sup> )	( <sup>1</sup> )	15	65.2%	4	10.5%	45	107.1%
Expanded income .....	( <sup>1</sup> )	( <sup>1</sup> )	17	81.0	12	31.6	34	68.0
AGI plus excluded preferences .....	( <sup>1</sup> )	( <sup>1</sup> )	15	65.2	15	39.5	35	66.0
AGI less investment interest .....	( <sup>1</sup> )	( <sup>1</sup> )	17	81.0	—	—	46	121.1
Income concept	1981		1982		1983		1984	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
Returns nontaxable due to foreign tax credits by income concept:	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Adjusted gross income (AGI) .....	147	.106%	153	.090%	126	.063%	61	.025%
Expanded income .....	190	.109	146	.070	142	.057	54	.017
AGI plus excluded preferences .....	207	.111	153	.070	147	.056	61	.019
AGI less investment interest .....	134	.105	145	.091	121	.065	53	.023
	Change	Percentage change from prior year	Change	Percentage change from prior year	Change	Percentage change from prior year	Change	Percentage change from prior year
Change from previous year in returns nontaxable due to foreign tax credits:	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Adjusted gross income (AGI) .....	60	69.0%	6	4.1%	-27	-17.6%	-65	-51.6%
Expanded income .....	106	126.2	-44	-23.2	-4	-2.7	-88	-62.0
AGI plus excluded preferences .....	119	135.2	-54	-26.1	-6	-3.9	-86	-58.5
AGI less investment interest .....	50	59.5	11	8.2	-24	-16.6	68	-56.2

<sup>1</sup> Not computed.

about high-income tax returns. (The examples in the paragraphs below are drawn from the "expanded income" column in Table 4).

1. As already described, only a small proportion of high-income taxpayers were able to escape all income taxes (0.087 percent).
2. Another group of high-income taxpayers—still a small group but larger than the nontaxable group—was able to offset half or more of its income before being subject to tax. This type of high-income taxpayer pays income tax equal to only a small share of his or her income, perhaps a smaller share of income than that of a typical median-income family. Such taxpayers may be called "nearly nontaxables." (About 0.7 percent of high expanded-income taxpayers were able to reduce their taxable income to less than 25 percent of their expanded income.)

Legitimate questions can be raised about whether this nearly nontaxable group is paying its "fair share" of the aggregate income tax. Despite the small amount of tax payable by the nearly nontaxables, they have escaped the notoriety accorded to high-income tax returns which show absolutely no tax liability.

3. Overall, a large portion of high-income taxpayers were subject to tax on a large share of their income and reported very substantial amounts of tax. (About 27 percent had taxable income exceeding 80 percent of expanded income. Over 63 percent had taxable income of more than 50 percent of expanded income.)

Tables 11 and 12 represent another way of showing the distributions of tax returns by tax burden. These two tables classify all tax returns by both the size of income and the effective tax rate, i.e., income tax as a percentage of income.

1. These tables illustrate the distribution of effective tax rates for high-income returns as compared with the distribution for returns with lower income levels: under \$50,000; \$50,000 to \$100,000; and \$100,000 to \$200,000. On the average, high-income taxpayers do have higher effective tax rates.
2. The tables also illustrate the wide dispersion of effective tax rates for high-income returns. While 1.2 percent of high expanded-income returns showed either no worldwide tax liability or tax liability of less than 10 percent of expanded income, 1.0 percent had effective tax rates of 45 percent to 50 percent of income, and approximately 0.2 percent reportedly paid income tax equal to more than one-half of their expanded income. More than 91 percent had average tax rates ranging from 15 percent to 45 percent of

income, with over 55 percent of high-income taxpayers having effective tax rates between 20 percent and 40 percent of income (see Table 12).

## CHARACTERISTICS OF TAX RETURNS

Tables 5 and 6 show, in the aggregate, the frequencies and amounts of the types of income; the items of tax preference; and the various deductions, credits, and income taxes shown on high-income returns. By comparing the columns for nontaxable returns with those for taxable returns, some of the different characteristics of nontaxable returns can be deduced. For example, the ratios of both partnership income to total income and partnership losses to total income were far higher on nontaxable returns.

## REASONS FOR NONTAXABILITY

Tables 7 and 8 classify tax returns by the items that had the largest and second largest effects in reducing or eliminating income tax. For the returns on which each primary item was most important, the tables show the distributions of the second most important items. For example, on taxable returns with expanded incomes of at least \$200,000, the most important item in reducing the amount of tax reported on 44 percent of the returns was the itemized deduction of State and local taxes (Table 8). For returns on which taxes were the largest item, the itemized deduction for interest payments was the second most important item 42 percent of the time and charitable contributions were the second most important item 38 percent of the time. Conversely, on nontaxable returns (with no worldwide tax), the interest-paid deduction was the most important item 64 percent of the time. Where interest paid was the primary item, there was no secondary item 34 percent of the time and charitable contributions and the deduction for taxes paid were each the second most important item 24 percent of the time.

Tables 9 and 10 represent another way of illustrating the importance of various tax provisions in reducing or eliminating income tax. Unlike Tables 7 and 8, these tables show data only for nontaxable returns. For returns without any income tax, these tables show the number of times that various items reduced income by different fractions of income. The items shown are the various categories of itemized deductions, total tax preferences excluded from income, and the deduction equivalents of three different types of tax credits. For example, for high expanded-income returns with no worldwide tax, the itemized deduction for casualty losses exceeded 100 percent of expanded income on 16 of the 271 returns but there was no casualty loss deduction on 239 returns. The deduction equivalent of the investment credit was between 50 percent and 100 percent of expanded income on three returns, and the total interest-paid deduction exceeded total expanded income on 49 returns.

## CONCLUSION

Tax return data for 1984 represent the impact of the third and final installment of the 23 percent overall reduction in tax rates enacted as part of the Economic Recovery Tax Act of 1981 (ERTA). Most of the structural changes included in ERTA — including a reduction in the maximum marginal tax rate to 50 percent and significant changes in the minimum and alternative minimum taxes — took effect before 1984 [9]. Thus, it is difficult to attribute the changes in nontaxable, high-income returns directly to ERTA. It is, however, possible, that the 1984 data represent a return to more nearly normal levels following abnormal, transitory effects due to anticipation of, and initial reaction to, the changes made by ERTA.

Even allowing for the fact that 1982 and 1983 data may have included some transitory changes due to the enactment of ERTA, the differing trends in nontaxable, high-AGI returns versus high expanded-income returns for 1984 remain somewhat puzzling. Nontaxable, high expanded-income returns as a share of all high expanded-income returns appear to be approximately in line with prior data for other than 1983. The higher absolute number of such returns can be attributed to the secular growth in the total number of high-income returns. However, this pattern for nontaxable, high expanded-income returns is not consistent with the continual, substantial growth of nontaxable, high-AGI returns.

## NOTES AND REFERENCES

- [1] Section 2123, 90 Stat. at 1915.
- [2] The concepts are: adjusted gross income (AGI); expanded income; AGI plus excluded preferences; and AGI less investment interest not in excess of investment income. See Appendix A for a full discussion of these concepts.
- [3] Section 441 (90 Stat. at 815) eliminated the requirement of using AGI plus excluded preferences and AGI less investment interest not in excess of investment income. Despite section 441, for purposes of historical comparison, this report includes summary data on the numbers of total, taxable, and nontaxable returns for these two income concepts.
- [4] Lerman, Allen H., *High Income Tax Returns: 1974 and 1975, A Report on High Income Taxpayers Emphasizing Tax Returns with Little or No Tax Liability*, U.S. Department of the Treasury, Office of Tax Analysis, March 1977, and *High Income Tax Returns: 1975 and 1976, A Report Emphasizing Nontaxable and Nearly Nontaxable Income Tax Returns*, U.S. Department of the Treasury, Office of Tax Analysis, August 1978.

High-income taxpayer data for 1977 and 1978 have been tabulated but not published, except for the actual number of nontaxable, high-AGI returns. However, data for 1977 and 1978 may be published in the future.

- [5] U.S. Department of the Treasury, Internal Revenue Service, *Statistics of Income—Individual Income Tax Returns*, reports for 1979, 1980, 1981, and 1982.
- [6] Lerman, Allen H., "High Income Tax Returns, 1983", *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4, pp. 31-61.
- [7] Lerman, Allen H., "High Income Returns, Taxable and Nontaxable", *Individual Income Tax Returns, 1984*, U.S. Department of the Treasury, Internal Revenue Service, pp. 103-122.

Note that the percentage columns in Tables 11 and 12 accompanying this article have been revised from similarly numbered tables in the 1984 *Statistics of Income* report. In the previously published tables, the percentages in each row added to 100 percent. In the current tables, the percentages add vertically to 100 percent.

- [8] See "Comparing Exclusions, Deductions, Tax Credits, and Special Tax Computations," in Appendix B.
- [9] See footnote 7, above, for a discussion of the changes in minimum taxation, which generally became effective in 1983, due to ERTA, and their possible effects on the number of nontaxable, high-income returns.

## APPENDIX A

### INCOME CONCEPTS: A PRIMER

This appendix explains the differences between the two major and two minor concepts of income which are used in this article. It outlines how the various concepts differ from the ideal economic concept of income. It reviews the two major conceptual differences between the income measures used, and it defines the exact relationships between the various concepts.

#### Economic Income, the Ideal Measure

Economists generally agree that for analyzing the impact of taxes, the ideal measure of income over a particular period of time, say a year, is the value of what the individual or family consumed over that period plus the change, if any, in its net worth [A1]. For example, if during a year a family spent \$10,000 and saved \$2,000, economists would say the family had an income of \$12,000. Similarly, if the family spent \$10,000 but owned an asset such as an automobile that decreased in value by \$1,000, economists would say that the family has an income of only \$9,000. A brief exami-

nation of the differences between income as defined by economists, often called economic income, and the adjusted gross income (AGI) concept, currently used for Federal income tax administration, illustrates some of the problems of measuring income, especially for high-income individuals.

### Adjusted Gross Income

The concept of adjusted gross income was developed for tax administration. It was never meant to be an accurate measure of so-called economic income. Indeed, it is well recognized that AGI is deficient as a measure of economic income. For Tax Year 1984, AGI excluded certain types of income, such as interest from tax-exempt State and local Government bonds, most social security benefits, imputed rent on owner-occupied housing, and the value of many employee fringe benefits. Also, while not strictly excluded from AGI, income from other activities is deferred to a later year, or indefinitely, for income tax purposes. Depreciation deductions allowed for income tax purposes that exceed the decrease in the economic value of an asset often reduce AGI below economic income early in an asset's life. The resulting lower depreciation deductions in later years may raise AGI above economic income. The net effect, however, of accelerated depreciation is to postpone taxes, perhaps indefinitely [A2].

Adjusted gross income excludes most changes in net worth, such as the 60 percent of realized long-term capital gains that was excluded for 1984 and all accrued, but unrealized, capital gains [A3].

Even though some types of income are excluded, AGI may overstate economic income because some expenses incurred in the production of income are not deductible in the computation of AGI. Most of these expenses, however, are deductible from AGI in calculating taxable income, but only if the taxpayer "itemizes" deductions. Expenses falling into this category include certain expenses incurred by employees (such as union dues and expenditures for items used on-the-job but not reimbursed by the employer) and expenses attributable to a taxpayer's investments (as opposed to active operation of a trade or business), including, but not limited to, interest expense incurred in connection with investments in securities. Although net capital losses reduce economic income, only the first \$3,000 of net realized capital losses may be deducted in computing AGI. Any additional realized losses must be carried forward to future years. Moreover, for 1984, only 50 percent of realized, net long-term capital losses were deductible in computing AGI.

### Redefining Income

Ideally, the impact of all taxes should be measured relative to economic income. However, no accurate, detailed data on such a broadly-defined income measure are availa-

ble from income tax returns (or from any other source) for a cross-section of American taxpayers. As a practical matter, any broad income measure must be calculated from data already available from Federal individual income tax returns. Thus, a more comprehensive income measure must start from AGI and, to the extent that data are available, must make adjustments for omitted income items and expenses that ought to be deductible in calculating economic income [A4].

### Omitted Income and Accelerated Deductions

Tax returns contain information about only a portion of the income included in economic income but excluded from AGI. The omitted income that could be identified on 1984 income tax returns consisted of the excluded portion of long-term capital gains (and current-year losses in excess of currently deductible amounts), the dividend exclusion of up to \$100 per tax return (up to \$200 on joint returns), payments to self-employed retirement (Keogh) and Individual Retirement Arrangement (IRA) pension savings plans, and income from sources considered to be tax preferences for purposes of the alternative minimum tax. Even if no alternative minimum tax is due, such preferences are generally supposed to be reported on Form 6251, Alternative Minimum Tax Computation, which is supposed to accompany the person's income tax return [A5].

Even after including preference income which was not in AGI but which was identifiable on 1984 tax returns, several major sources of income for high-income taxpayers were still omitted:

- Interest on tax-exempt State and local Government bonds;
- All accrued but unrealized income, primarily unrealized capital gains;
- Certain agricultural expenses deducted when paid, even though related income items are not includable in income until a later year;
- Imputed rental income from owner-occupied housing and from consumer durables;
- Straight-line depreciation deductions on real estate to the extent that they exceeded economic depreciation;
- Income "sheltered" from taxation — primarily partnership income — through deferral of the recognition of income for tax purposes and/or the acceleration of deduction items; and
- The value of employee fringe benefits [A6].

For real estate, the combination of a shorter life for tax

purposes than the true economic life of the property and the use of accelerated depreciation methods may produce tax depreciation deductions exceeding economic depreciation, especially in the early years of ownership. Subsequently, income may be correspondingly higher, but in the meantime, the taxpayer has the interest-free use of the deferred taxes. Also, if taxed in the future, the income could be converted into a long-term capital gain, which through Tax Year 1987 would be taxed at a lower rate than ordinary income.

Conceptual differences between income subject to ordinary tax and income benefitting from tax-preferred treatment may also lead to some understatement of income. Because of tax benefits, individuals may be willing to accept lower rates of return on investments yielding tax-preferred income. If one views that reduction in potential income as an "implicit tax" on that income (paid in lieu of ordinary tax), then the reporting of fully taxable and tax-preferred income is not consistent. Fully taxable income is being reported on a pre-tax basis, whereas a tax-preferred income is being shown on an after-tax basis. See "Implicit Tax" in Appendix B for further discussion of this concept.

Because income sources not identifiable from tax return data were excluded, all income measures used in the data for this article may understate economic income. As a consequence, some individuals with high economic incomes may have been omitted completely from the high-income group covered by this report. Moreover, the income of some individuals who are included may have been understated, and tax as a percentage of income (i.e., the effective tax rate) may have been overstated.

### Investment Expenses

In measuring economic income, it generally would be appropriate to deduct all expenses incurred in the production of income, including those related to any income-producing investments. Since economic income would include all investment income, including accrued capital gains and losses, it would be proper to deduct all investment expenses without limit. Investment expenses in excess of income would then represent net economic losses, roughly akin to "net operating losses" from a trade or business. However, such a liberal deduction for investment-related expenses is not necessarily correct when all income items have not been included currently.

If all income has not been included currently, full deduction of investment expenses might represent a mismatching of receipts and expenses and might result in *understating* income. For example, if a taxpayer borrowed funds to purchase securities, net income would be understated if the taxpayer deducted all interest payments on the loan but did not include as income any accrued gains on the securities. A similar mismatching of income and expenses would occur if investment expenses that should properly be capital-

ized were deducted when paid. In these instances, a more accurate measure of income might be obtained by postponing the deduction of the expense until such time as the income were recognized for tax purposes.

Additional problems are created when a person with a loan has both income-producing assets, such as securities, and non-income-producing assets, such as a vacation home or yacht. It is not possible to determine what portion of the interest expense should be attributed to taxable income-producing assets and, therefore, ought to be deductible against the gross receipts from such taxable assets.

As a result of these problems, it has been necessary to set arbitrary limits on the amount of investment expenses which are deductible in calculating a broader measure of income.

Investment expenses that have not been deducted in determining AGI generally appear on a Federal individual income tax return in two places. Investment interest appears as part of the itemized deduction for interest; other investment expenses such as management fees are included in the miscellaneous category of itemized deductions [A7]. To determine expenses that should be deductible in calculating an approximation of economic income, investment expenses have been *defined* as the entire interest deduction other than the interest paid on a home mortgage. Other investment expenses could not be determined since they could not be separated from the remainder of "miscellaneous" deductions. Hence, they have not been used in the adjustment for investment expenses.

To the extent that interest expenses do *not* exceed investment income, they have been allowed as a deduction in the computation of a broader measure of income. One consequence of this definition is that investment expenses can never turn positive investment income into investment losses. Generally, allowing investment expenses to offset all investment income is generous and tends to understate broadly-measured income. However, in some instances, limiting investment expenses to investment income may *overstate* income by disallowing genuine investment losses. This arbitrary procedure has been selected because, especially with the omission of accrued capital gains from measured income, allowing all investment expenses to be deducted would represent a mismatching of income and expenses.

The amount of investment income against which investment interest can be offset depends on the amount of investment income included in the income measure under consideration. Investment income consists of interest, dividends, and net capital gains (or losses). However, if only a portion of capital gains is included in the income concept, as is the case with AGI for 1984, then only that portion is considered to be investment income. A similar adjustment

was also made for the dividend exclusion of up to \$100 per tax return (\$200 on a joint return).

### Expanded Income

The Congress has asked for high-income data to be tabulated on the basis of a measure closely approximating economic income but using only data available on tax returns. This measure is called "expanded income."

Expanded income is defined as adjusted gross income (AGI) *plus* items of tax preference income excluded from AGI *less* investment expenses to the extent that they do not exceed investment income [A8]. Tax preferences considered for 1984 were the \$100-per-tax-return exclusion for qualifying dividends (\$200 on a joint return), the excluded portion of net long-term capital gains, and, where the taxpayer filed a Form 6251, Alternative Minimum Tax Computation, all other excluded income preferences subject to the minimum tax [A9]. For individuals, the only preference income items of significance other than the excluded portion of capital gains are the excess of accelerated depreciation over straight-line depreciation on real property and on personal property subject to a lease, the excess of percentage depletion over the cost of the property, and deductions for intangible drilling costs in excess of the amounts deductible if these costs had been amortized. Because expanded income is based on tax return data, it excludes items such as interest on tax-exempt State and local Government bonds, accrued but unrealized capital gains, straight-line depreciation on real estate in excess of economic depreciation, most employee fringe benefits, and other items mentioned above, under "Omitted Income and Accelerated Deductions."

### Four Income Measures

Current law requires high-income tax return data to be selected and classified on the basis of two different definitions of income: expanded income and adjusted gross income. For comparability with data for earlier years, this section also includes a limited amount of data using two other, previously required, income definitions. Each of the two additional income measures embodies only one of the two major differences between expanded income and AGI. "Adjusted gross income plus excluded tax preferences" is AGI *plus* the amount of tax preference income excluded from AGI. "Adjusted gross income less investment interest" is AGI *less* the amount of investment interest to the extent that it does not exceed investment income.

When ranked according to size of income, AGI plus excluded tax preferences is largest, AGI less investment interest is smallest, and AGI and expanded income fall in the middle. For any given taxpayer, AGI can be larger or smaller than expanded income depending on whether preferences are larger or smaller than investment interest.

The four income concepts are related in the following manner [A10]:

### Expanded income

$$= \text{Adjusted gross income} + \text{preferences} \\ - \text{investment interest}$$

### Adjusted gross income

$$= \text{Expanded income} - \text{preferences} \\ + \text{investment interest}$$

### Adjusted gross income plus excluded tax preferences

$$= \text{Adjusted gross income} + \text{preferences}$$

$$\text{or} = \text{Expanded income} + \text{investment interest}$$

### Adjusted gross income less investment interest

$$= \text{Adjusted gross income} - \text{investment interest}$$

$$\text{or} = \text{Expanded income} - \text{preferences}$$

Expanded income is the measure which most closely approximates economic income.

### NOTES TO APPENDIX A

[A1] This is the Haig-Simons definition of income.

[A2] For Tax Year 1984, the Internal Revenue Code defined adjusted gross income as all gross income not specifically excluded or reduced by statutory adjustments. Among the exclusions were trade or business deductions (including some deductions by employees) and depreciation deductions allowable for tax purposes, the deduction for 60 percent of net long-term capital gains, limited deductions for losses from the sale or exchange of property, deductions attributable to rents and royalty income, the moving expenses adjustment, and deductions for contributions to individual retirement arrangements (IRA's) and self-employed retirement (Keogh) plans.

[A3] Gross income includes only income that has been "realized." Thus, for Federal income tax purposes, accrued increases or decreases in the value of assets are generally not included in income until any gain or loss is realized by a sale or exchange. In addition, gross income does not include the value of the services received from the use of durable goods, such as imputed net rent from owner-occupied homes or from consumer durables. Finally, gross income and, hence, adjusted gross income, do not include interest on most types of State and local Government debt, most social security benefits, workers' compensation benefits, and most types of welfare benefits.

- [A4] There have been attempts to create microdata files that include approximations of economic income. Tax return data files have been "statistically merged", i.e., merged with information for persons having similar characteristics, with other files such as the Current Population Survey (CPS) of the Bureau of the Census. After the merge, certain additional data items that were not on either file have been "imputed" to each record of the merged file. Although such statistically-merged files have proven useful for many purposes, they have only limited use—and must be used with great caution—for high-income individuals and families, each of which is likely to have more unique financial and income characteristics that are not likely to be duplicated accurately through imputations and statistical merges.
- [A5] The tax preferences excluded from adjusted gross income, as tabulated in Tables 5 and 6, included the following items: the dividend exclusion; the "all-savers" interest exclusion; the excluded portion of long-term capital gains; the excess of accelerated depreciation over straight-line depreciation on certain real property and property subject to a lease; the excess of rapid amortization allowable on certain capital expenditures (such as pollution control facilities) over depreciation otherwise allowable; the excess of percentage depletion over the "adjusted basis" of the property; unrealized gain on the exercise of stock options; and certain intangible drilling costs to the extent that they exceeded the otherwise allowable amortization deduction. Any preferences from itemized deductions did not represent omitted income; hence, they were not counted as preference items in calculating a broader measure of income.
- [A6] Omission of social security benefits and certain other items is relatively unimportant for high-income taxpayers.
- [A7] In addition, income deferrals and accelerated expense deductions may also be involved in income or losses from rental property, from royalties, from partnerships, and from certain small business corporations, only the net amounts of which are included in adjusted gross income.
- [A8] For the sake of brevity, "investment interest to the extent that it does not exceed investment income" is called "investment interest." "Investment interest in excess of investment income" is called "excess investment interest."
- [A9] See footnote [A5].
- [A10] The borderline between excess and non-excess investment interest depends on the income items actu-

ally included under each income concept. Hence, the investment interest adjustment differs depending on which income definition is used.

## APPENDIX B

### MEASUREMENT OF TAXES

This appendix discusses the proper measurement of income tax borders. It explains two different treatments of the foreign tax credit: as a tax on income; or as an item of tax preference. It discusses the concept of implicit tax on tax preference income. It outlines the methodology which was used in the development of the basic tabulations of 1984 tax return data to equate the importance of exclusions and deductions from the income base subject to tax with tax credits. Finally, certain limitations in the underlying tax return data are summarized.

#### Foreign Tax Credits: Worldwide Taxes on Worldwide Income

Just as income must be measured properly, so must income taxes.

U.S. income taxes are based on global (worldwide) income. Thus, U.S. citizens and residents generally must include income on their U.S. income tax returns regardless of whether it has been generated in the United States or in a foreign country. However, when a taxpayer has foreign source income, the U.S. income tax computed on global income may often be reduced dollar-for-dollar by the amount of foreign income taxes that has been paid on that foreign income. These offsets for foreign income taxes are called "foreign tax credits" [B1].

Statistics of Income (SOI) data collected as a by-product of tax administration include global income as reported on U.S. income tax returns. The SOI data, however, usually include as taxes only U.S. income taxes net of the foreign tax credits that represent offsets for foreign income tax payments. Where taxpayers have income from foreign sources, this procedure understates their worldwide tax liabilities and their effective tax rates. Since worldwide income is reported on U.S. tax returns, a more accurate measure of the tax burden imposed on that income would be obtained if all income taxes—U.S. as well as foreign—were considered. Analysis of high-income tax returns indicates that a substantial portion of the so-called nontaxable, high-incomes have large shares of their income from non-U.S. sources and have paid substantial amounts of foreign income taxes on that income. Thus, it does not seem appropriate to classify these individuals as nontaxable or to classify their foreign tax credits as special tax benefits.

In order to present a more realistic picture of the number of nontaxable, high-income tax returns and the reasons

they were nontaxable, several tables in this article have been prepared by redefining income tax liability to consist of the total amount of U.S. income taxes (income taxes after credits plus the alternative minimum tax) plus the amount of foreign tax credits. Because information on foreign tax liabilities is not readily available in tabulations from U.S. income tax returns, foreign tax credits as shown on U.S. income tax returns were selected as a proxy for foreign tax liabilities. Where foreign tax rates exceed U.S. rates, and in certain other instances, foreign tax credits actually will be less than foreign tax liabilities. In such cases, using foreign tax credits as a proxy for foreign taxes understates global income tax liability. In cases in which foreign tax credits are for taxes paid on income from earlier years, use of foreign tax credits may either overstate or understate global taxes on the current year's income.

Tables redefining tax liability to include the foreign tax credit attempt to present an approximation of the true worldwide (global) income tax burden on worldwide income. For the vast majority of taxpayers—with high incomes or otherwise—this adjustment is irrelevant, for they have little or no foreign-source income. However, for the small proportion of taxpayers with substantial foreign income, this adjustment is important. The policy implications of a person with a very large amount of income not paying U.S. income tax certainly would be different if U.S. nontaxability were the result of the person's living and working abroad and paying substantial amounts of foreign tax than if all income were from U.S. sources and the person paid no income tax to either the U.S. Government or any other government.

In order to be consistent with data from earlier years, all tables showing nontaxability or the amount of taxability on the basis of worldwide tax liability have been duplicated by other tables with tax liability defined in the more traditional way used for tax administration purposes: U.S. income tax liability after subtracting the value of any foreign tax credits. Tables 1, 3, 5, 7, 9, and 11 and Figures E and G contain data with foreign tax credits treated as items which reduce U.S. income tax liabilities. In Tables 2, 4, 6, 8, 10, and 12 and Figures F and H, foreign tax credits are treated as part of the individual's income tax liability.

### Implicit Tax

Income from certain tax-preferred sources is either not subject to any Federal individual income tax or benefits from reduced tax rates or the deferral of taxation, or both. However, to the extent that the income from such sources has been reduced because of the existence of tax preferences, the stated tax on such income understates the amount of tax effectively paid by the recipient of that income. In addition to any income tax actually paid, there is an "implicit tax" equal to the amount by which the income from that source has been reduced because of the tax preferences. Thus, the benefit to the recipient of tax-prefer-

red income is less than the stated tax preference to the extent that the gross income from that source already anticipates the tax preference. As a result, an individual may be indifferent between a lower-yield, nontaxable income source and a higher-yield taxable source.

Tax-exempt income from State and local Government bonds provides the clearest example of an "implicit tax." Because of the tax exemption, the interest rate on tax-exempt bonds is generally lower than the interest on taxable bonds with equivalent risk. The yields between tax-exempt and taxable bonds generally differ by an amount such that the yield on the tax-exempt bonds will be about the same or slightly more than the after-tax yield on an equivalent taxable bond. In reality, the holders of tax-exempt bonds are paying an "implicit tax" which is equal to the spread between the interest rates on the tax-free bond and the equivalent taxable bond.

The main difference between implicit tax and ordinary Federal income tax is the recipient of the tax revenue. The general fund of the Federal Government receives the ordinary Federal income tax revenue whereas the implicit-tax revenue is usually divided between the payer and the recipient of the tax-preferred income. The government entity issuing a tax-exempt bond receives part of the implicit tax in the form of reduced rates on interest paid on those bonds. For other assets producing tax-preferred income, some of the implicit tax is received by the seller of the asset in the form of a higher price reflecting the capitalized value of some of the stream of tax benefits.

No attempts have been made in this article to measure implicit taxes. Accordingly, taxes paid and tax rates have not been adjusted to reflect implicit taxes on tax preference income.

### Adjusting Income for Implicit Tax

It should also be noted that compared with income from other sources, the gross income from tax-preferred sources is understated by the amount by which that income has been reduced by the portion of the above-mentioned "implicit tax" which benefits the recipient of the income. Thus, in theory, when measuring income, it would be appropriate to "gross up" the amount of tax-preferred income received by the portion of the implicit tax on that income which has actually benefitted the recipient of the income. Since no attempt has been made to measure implicit taxes for this article, incomes have not been increased to reflect the value of implicit taxes.

### Comparing Exclusions, Deductions, Tax Credits, and Special Tax Computations

In order to compare the importance of various exclusions, deductions, tax credits, and special tax computations (such

as the alternative minimum tax on tax preferences and the income averaging tax computation), the different types of items must be put on the same basis. One way of doing so is to calculate the size of the deduction that would reduce (or increase) income tax by the same amount as a tax credit. This amount is called the "deduction equivalent" of the tax credit.

The deduction equivalent of a tax credit or a special tax computation is the difference between the taxable income that, using ordinary tax rate schedules, would yield the actual tax before the provision in question is considered and the actual tax after the provision. For example, the "deduction equivalent of all tax credits" is equal to the difference between "taxable income which would yield tax before credits" and "taxable income which would yield tax after credits."

Using this method of equating the value of deductions, exclusions, credits, and special tax computations, the order in which the various credits and special tax computations are calculated affects the value of their deduction equivalents. Because the tax rate schedules are progressive with successive increments to income taxed at successively higher tax rates, the deduction equivalent of the credit converted last to a deduction equivalent will be larger (for the same amount of a credit) than the item converted first.

The deduction equivalents of tax credits shown in the accompanying tables were computed by assuming that deductions and exclusions reduced taxes before tax credits. As a result, the deduction equivalent of tax credits is biased upwards.

### Share of Income Subject to Tax

The total impact of various deductions, exclusions, tax credits, and special tax computations can be measured only if the aggregate value of all of, or groups of, these items in reducing, or increasing, income taxes is put on a comparable basis. Two often-used measures of the value of deductions and exclusions are (1) the share of income that has been excluded from tax and (2) the share of income that remains subject to tax. The latter measure can also include the impact of tax credits and special tax computations if the deduction equivalent of these items is added to taxable

income defined in the ordinary manner. Doing so yields what the tables accompanying this article call "taxable income which would yield income tax before credits," "taxable income which would yield income tax after credits," and "taxable income which would yield total income tax." These measures could be computed directly from taxable income and from the deduction equivalents of the appropriate items. However, these measures have been computed by using the tax rate schedules to calculate the amounts of taxable income that would have been necessary (when subject to tax under the appropriate, ordinary tax rate schedule) to yield the given amounts of tax.

### Unaudited Data

Tax return data used in the Statistics of Income program have been tabulated as they have been reported on tax returns filed with the Internal Revenue Service. Certain obvious arithmetic errors have been corrected, and certain adjustments have been made to achieve consistent statistical definitions. Otherwise, the data have not been altered. In particular, the data do not reflect any changes that may have been made or that are likely to be made in the future as a result of IRS audits. While this is true of data throughout the entire SOI program, it is of particular relevance for high-income tax returns. Because of the greater complexity of these returns, there is a higher probability of error and more scope for disagreement about the proper interpretation of tax laws.

The fact that the data have been drawn from unaudited returns is of even greater importance for those high-income returns that are nontaxable. Almost any audit changes would make such returns taxable. Even where the tax consequences were minor, such returns would be reclassified from nontaxable to taxable, thereby changing the counts of nontaxable returns.

### NOTE TO APPENDIX B

- [B1] Certain amounts of income earned abroad are excluded from adjusted gross income by statute. Any foreign taxes paid on such income are not creditable against U.S. income taxes. The tables in this article do not reflect either the amounts of income excluded or the foreign tax payments on them.

**Table 1 — Returns With and Without Total Income Tax: Number of Returns Classified by Size of Income Under Alternative Concepts**  
 (All figures are estimates based on samples)

Size of income under alternative concepts	Size of adjusted gross income				
	Total	Under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
<b>All Returns</b>					
Total .....	99,438,708	92,726,609	5,707,146	761,193	243,760
Size of expanded income					
Under \$50,000 .....	92,513,608	92,368,741	144,217	453	197
\$50,000 under \$100,000 .....	5,752,243	340,326	5,387,936	23,500	481
\$100,000 under \$200,000 .....	862,815	11,711	167,337	678,280	5,487
\$200,000 or more .....	310,042	5,831	7,656	58,960	237,595
Size of adjusted gross income plus excluded tax preferences					
Under \$50,000 .....	92,310,798	92,310,798	—	—	—
\$50,000 under \$100,000 .....	5,906,925	397,512	5,509,413	—	—
\$100,000 under \$200,000 .....	895,716	12,320	189,598	693,798	—
\$200,000 or more .....	325,269	5,979	8,135	67,395	243,760
Size of adjusted gross income less investment interest					
Under \$50,000 .....	92,918,667	92,726,609	190,178	1,399	481
\$50,000 under \$100,000 .....	5,570,965	—	5,516,968	53,314	683
\$100,000 under \$200,000 .....	719,267	—	—	706,480	12,787
\$200,000 or more .....	229,809	—	—	—	229,809
<b>Returns With Total Income Tax</b>					
Total .....	82,928,899	76,242,929	5,683,177	759,565	243,228
Size of expanded income					
Under \$50,000 .....	76,031,156	75,890,903	140,114	*121	18
\$50,000 under \$100,000 .....	5,727,429	334,611	5,369,135	23,253	430
\$100,000 under \$200,000 .....	860,597	11,675	166,273	677,237	5,412
\$200,000 or more .....	309,717	5,740	7,655	58,954	237,368
Size of adjusted gross income plus excluded tax preferences					
Under \$50,000 .....	75,836,642	75,836,642	—	—	—
\$50,000 under \$100,000 .....	5,875,272	388,301	5,486,971	—	—
\$100,000 under \$200,000 .....	892,389	12,110	188,088	692,191	—
\$200,000 or more .....	324,596	5,876	8,118	67,374	243,228
Size of adjusted gross income less investment interest					
Under \$50,000 .....	76,429,929	76,242,929	185,761	958	281
\$50,000 under \$100,000 .....	5,551,122	—	5,497,416	53,070	636
\$100,000 under \$200,000 .....	718,244	—	—	705,537	12,707
\$200,000 or more .....	229,604	—	—	—	229,604
<b>Returns Without Total Income Tax</b>					
Total .....	16,509,809	16,483,680	23,969	1,628	532
Size of expanded income					
Under \$50,000 .....	16,482,452	16,477,838	4,103	332	179
\$50,000 under \$100,000 .....	24,814	5,715	18,801	247	51
\$100,000 under \$200,000 .....	2,218	36	*1,064	1,043	75
\$200,000 or more .....	325	91	1	*6	227
Size of adjusted gross income plus excluded tax preferences					
Under \$50,000 .....	16,474,156	16,474,156	—	—	—
\$50,000 under \$100,000 .....	31,653	9,211	22,442	—	—
\$100,000 under \$200,000 .....	3,327	210	1,510	1,607	—
\$200,000 or more .....	673	103	*17	21	532
Size of adjusted gross income less investment interest					
Under \$50,000 .....	16,488,738	16,483,680	4,417	441	200
\$50,000 under \$100,000 .....	19,843	—	19,552	244	47
\$100,000 under \$200,000 .....	1,023	—	—	943	80
\$200,000 or more .....	205	—	—	—	205

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

**Table 2 — Returns With and Without Modified Total Income Tax: Number of Returns Classified by Size of Income Under Alternative Concepts**

(All figures are estimates based on samples)

Size of income under alternative concepts	Size of adjusted gross income				
	Total	Under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
<b>All Returns</b>					
Total .....	99,438,708	92,726,609	5,707,146	761,193	243,760
<b>Size of expanded income</b>					
Under \$50,000 .....	92,513,608	92,368,741	144,217	453	197
\$50,000 under \$100,000 .....	5,752,243	340,326	5,387,936	23,500	481
\$100,000 under \$200,000 .....	862,815	11,711	167,337	678,280	5,487
\$200,000 or more .....	310,042	5,831	7,656	58,960	237,595
<b>Size of adjusted gross income plus excluded tax preferences</b>					
Under \$50,000 .....	92,310,798	92,310,798	—	—	—
\$50,000 under \$100,000 .....	5,906,925	397,512	5,509,413	—	—
\$100,000 under \$200,000 .....	895,716	12,320	189,598	693,798	—
\$200,000 or more .....	325,269	5,979	8,135	67,395	243,760
<b>Size of adjusted gross income less investment interest</b>					
Under \$50,000 .....	92,918,667	92,726,609	190,178	1,399	481
\$50,000 under \$100,000 .....	5,570,965	—	5,516,968	53,314	683
\$100,000 under \$200,000 .....	719,267	—	—	706,480	12,787
\$200,000 or more .....	229,809	—	—	—	229,809
<b>Returns With Modified Total Income Tax</b>					
Total .....	82,964,351	76,270,465	5,691,030	759,567	243,289
<b>Size of expanded income</b>					
Under \$50,000 .....	76,058,692	75,918,439	140,114	*121	18
\$50,000 under \$100,000 .....	5,735,283	334,611	5,376,988	23,253	431
\$100,000 under \$200,000 .....	860,605	11,675	166,273	677,239	5,418
\$200,000 or more .....	309,771	5,740	7,655	58,954	237,422
<b>Size of adjusted gross income plus excluded tax preferences</b>					
Under \$50,000 .....	75,864,178	75,864,178	—	—	—
\$50,000 under \$100,000 .....	5,883,125	388,301	5,494,824	—	—
\$100,000 under \$200,000 .....	892,391	12,110	188,088	692,193	—
\$200,000 or more .....	324,657	5,876	8,118	67,374	243,289
<b>Size of adjusted gross income less investment interest</b>					
Under \$50,000 .....	76,457,466	76,270,465	185,761	958	282
\$50,000 under \$100,000 .....	5,558,975	—	5,505,269	53,070	636
\$100,000 under \$200,000 .....	718,253	—	—	705,539	12,714
\$200,000 or more .....	229,657	—	—	—	229,657
<b>Returns Without Modified Total Income Tax</b>					
Total .....	16,474,357	16,456,144	16,116	1,626	471
<b>Size of expanded income</b>					
Under \$50,000 .....	16,454,916	16,450,302	4,103	332	179
\$50,000 under \$100,000 .....	16,960	5,715	10,948	247	50
\$100,000 under \$200,000 .....	2,210	36	*1,064	1,041	69
\$200,000 or more .....	271	91	1	*6	173
<b>Size of adjusted gross income plus excluded tax preferences</b>					
Under \$50,000 .....	16,446,620	16,446,620	—	—	—
\$50,000 under \$100,000 .....	23,800	9,211	14,589	—	—
\$100,000 under \$200,000 .....	3,325	210	1,510	1,605	—
\$200,000 or more .....	612	103	*17	21	471
<b>Size of adjusted gross income less investment interest</b>					
Under \$50,000 .....	16,461,201	16,456,144	4,417	441	199
\$50,000 under \$100,000 .....	11,990	—	11,699	244	47
\$100,000 under \$200,000 .....	1,014	—	—	941	73
\$200,000 or more .....	152	—	—	—	152

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

**Table 3 — Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Taxable Income to Specified Alternative Income**

(All figures are estimates based on samples)

Specified items	Adjusted gross income			Expanded income			Adjusted gross income plus excluded tax preferences			Adjusted gross income less investment interest		
	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total.....	243,760	100.0	—	310,042	100.0	—	325,269	100.0	—	229,809	100.0	—
Returns without total income tax .....	532	0.2	—	325	0.1	—	673	0.2	—	205	0.1	—
Returns with total income tax:												
Total.....	243,228	99.8	100.0	309,717	99.9	100.0	324,596	99.8	100.0	229,604	99.9	100.0
Ratio of taxable income to alternative income:												
Under 5 percent .....	225	0.1	0.1	99	( )	( )	306	0.1	0.1	72	( )	( )
5 under 10 percent .....	442	0.2	0.3	184	0.1	0.1	749	0.2	0.3	133	0.1	0.1
10 under 15 percent .....	268	0.1	0.4	331	0.1	0.2	792	0.2	0.6	80	( )	0.1
15 under 20 percent .....	612	0.3	0.6	270	0.1	0.3	928	0.3	0.9	230	0.1	0.2
20 under 25 percent .....	646	0.3	0.9	1,324	0.4	0.7	2,513	0.8	1.6	371	0.2	0.4
25 under 30 percent .....	1,123	0.5	1.4	6,998	2.3	3.0	8,823	2.7	4.3	498	0.2	0.6
30 under 35 percent .....	1,403	0.6	1.9	4,095	1.3	4.3	7,056	2.2	6.5	954	0.4	1.0
35 under 40 percent .....	2,654	1.1	3.0	11,664	3.8	8.1	25,941	8.0	14.5	1,536	0.7	1.7
40 under 45 percent .....	9,760	4.0	7.0	54,110	17.5	25.5	52,640	16.2	30.7	8,534	3.7	5.4
45 under 50 percent .....	5,127	2.1	9.2	35,546	11.5	37.0	27,593	8.5	39.2	3,738	1.6	7.0
50 under 60 percent .....	18,403	7.6	16.7	32,125	10.4	47.4	34,136	10.5	49.7	9,143	4.0	11.0
60 under 70 percent .....	23,988	9.9	26.6	33,394	10.8	58.2	36,949	11.4	61.1	23,020	10.0	21.0
70 under 80 percent .....	50,239	20.7	47.2	46,470	15.0	73.2	48,955	15.1	76.2	43,357	18.9	39.9
80 percent or more .....	128,338	52.8	100.0	83,107	26.8	100.0	77,215	23.8	100.0	137,938	60.1	100.0

( ) Less than 0.05 percent.

NOTE: Detail may not add to total because of rounding.

**Table 4 — Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Taxable Income to Specified Alternative Income**

(All figures are estimates based on samples)

Specified items	Adjusted gross income			Expanded income			Adjusted gross income plus excluded tax preferences			Adjusted gross income less investment interest		
	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total.....	243,760	100.0	—	310,042	100.0	—	325,269	100.0	—	229,809	100.0	—
Returns without modified total income tax .....	471	0.2	—	271	0.1	—	612	0.2	—	152	0.1	—
Returns with modified total income tax:												
Total.....	243,289	99.8	100.0	309,771	99.9	100.0	324,657	99.8	100.0	229,657	99.9	100.0
Ratio of taxable income to alternative income:												
Under 5 percent .....	215	0.1	0.1	85	( )	( )	294	0.1	0.1	60	( )	( )
5 under 10 percent .....	434	0.2	0.3	177	0.1	0.1	742	0.2	0.3	124	0.1	0.1
10 under 15 percent .....	259	0.1	0.4	321	0.1	0.2	774	0.2	0.6	77	( )	0.1
15 under 20 percent .....	560	0.2	0.6	217	0.1	0.3	877	0.3	0.8	183	0.1	0.2
20 under 25 percent .....	635	0.3	0.9	1,308	0.4	0.7	2,500	0.8	1.6	358	0.2	0.3
25 under 30 percent .....	1,118	0.5	1.3	6,986	2.3	2.9	8,811	2.7	4.3	489	0.2	0.6
30 under 35 percent .....	1,392	0.6	1.9	4,074	1.3	4.3	7,038	2.2	6.5	945	0.4	1.0
35 under 40 percent .....	2,686	1.1	3.0	11,648	3.8	8.0	25,942	8.0	14.5	1,566	0.7	1.7
40 under 45 percent .....	9,749	4.0	7.0	54,161	17.5	25.5	52,685	16.2	30.7	8,524	3.7	5.4
45 under 50 percent .....	5,123	2.1	9.1	35,548	11.5	37.0	27,597	8.5	39.2	3,732	1.6	7.0
50 under 60 percent .....	18,389	7.6	16.7	32,136	10.4	47.3	34,141	10.5	49.7	9,122	4.0	11.0
60 under 70 percent .....	23,977	9.9	26.5	33,398	10.8	58.1	36,950	11.4	61.1	23,004	10.0	21.0
70 under 80 percent .....	50,225	20.6	47.2	46,477	15.0	73.1	48,967	15.1	76.2	43,325	18.9	39.8
80 percent or more .....	128,527	52.8	100.0	83,235	26.9	100.0	77,339	23.8	100.0	138,148	60.2	100.0

( ) Less than 0.05 percent.

NOTE: Detail may not add to total because of rounding.

**Table 5 — Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax, Classified by Tax Status**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Returns with adjusted gross income \$200,000 or more						Returns with expanded income \$200,000 or more					
	Total		Returns with total income tax		Returns without total income tax		Total		Returns with total income tax		Returns without total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Salaries and wages.....	197,368	50,123,473	197,019	50,051,572	349	71,901	237,835	53,034,123	237,645	52,984,607	190	49,517
Business or profession:												
Net income .....	50,726	5,477,645	50,616	5,463,129	110	14,516	64,299	5,983,308	64,238	5,973,523	61	9,785
Net loss .....	24,397	1,242,050	24,267	1,220,853	130	21,197	34,578	1,718,649	34,514	1,689,324	64	29,325
Farm:												
Net income .....	4,510	281,885	4,498	280,384	12	1,500	6,392	324,644	6,388	323,990	4	654
Net loss .....	15,163	993,565	15,102	978,975	61	14,589	19,874	1,391,829	19,836	1,384,613	38	7,216
Partnership:												
Net income .....	69,957	7,865,379	69,802	7,831,574	155	33,805	84,110	8,264,775	84,036	8,237,040	74	27,735
Net loss .....	107,156	9,539,004	106,912	9,470,815	244	68,190	134,020	12,161,604	133,854	12,085,300	166	76,304
Small Business Corporation:												
Net income .....	32,602	8,519,063	32,550	8,508,360	52	10,702	37,804	8,781,591	37,768	8,771,591	36	9,999
Net loss .....	22,958	1,386,149	22,811	1,353,685	147	32,464	29,339	1,905,468	29,269	1,874,196	70	31,272
Sales of capital assets:												
Net gain .....	165,263	24,997,924	164,984	24,941,214	279	56,710	231,655	30,985,718	231,461	30,915,364	194	70,354
Net loss .....	38,982	90,609	38,926	90,461	56	147	38,535	89,816	38,509	89,747	26	70
Sales of property other than capital assets:												
Net gain .....	19,772	558,314	19,689	550,662	83	7,652	26,798	710,538	26,756	705,648	42	4,890
Net loss .....	29,408	260,859	29,339	258,264	69	2,595	33,033	318,127	32,997	314,981	36	3,146
Interest received.....	240,114	12,377,544	239,608	12,252,526	506	125,018	305,301	13,984,678	305,001	13,941,288	300	43,390
Dividends in adjusted gross income.....	197,971	10,360,838	197,586	10,300,328	385	60,509	247,541	11,034,024	247,314	11,019,450	227	14,574
Pensions and annuities in adjusted gross income.....	42,232	1,060,081	42,177	1,057,179	55	2,902	54,051	1,217,968	54,027	1,216,485	24	1,483
Rent:												
Net income .....	51,898	2,083,430	51,778	2,072,482	120	10,948	64,922	2,283,708	64,870	2,278,576	52	5,133
Net loss .....	68,581	1,841,069	68,383	1,824,048	198	17,021	89,796	2,419,663	89,688	2,401,793	108	17,870
Royalty:												
Net income .....	25,175	1,868,510	25,088	1,863,485	87	5,025	31,347	2,132,705	31,310	2,129,948	37	2,757
Net loss .....	2,442	41,414	2,433	41,358	9	56	3,378	69,042	3,376	69,036	2	6
Estate or trust:												
Net income .....	38,139	1,743,600	38,066	1,731,517	71	12,083	46,354	1,875,841	46,317	1,865,431	37	10,410
Net loss .....	3,210	73,298	3,201	72,393	9	905	4,446	101,729	4,442	101,106	4	623
State income tax refunds.....	103,376	499,023	103,254	498,079	122	943	124,560	543,760	124,492	543,153	68	608
Windfall profit tax refunds.....	13,048	28,345	13,026	28,283	22	63	14,866	31,051	14,856	31,024	10	27
Windfall profit tax withheld.....	50,497	227,934	50,376	226,891	121	1,043	58,799	254,256	58,741	253,836	58	421
Alimony received.....	603	15,909	600	15,753	3	156	723	18,044	722	17,985	1	59
Social security benefits in adjusted gross income.....	47,093	292,379	47,027	292,043	66	336	67,454	388,067	67,433	387,969	21	98
Unemployment compensation in adjusted gross income.....	635	1,329	635	1,329	—	—	1,501	3,767	1,501	3,767	—	—
Other income.....	52,355	1,544,764	52,218	1,534,751	137	10,012	61,799	1,667,875	61,737	1,661,259	62	6,615
Other loss.....	5,086	406,774	5,012	385,383	74	21,391	11,322	1,770,655	11,259	1,742,283	63	28,372
Total statutory adjustments.....	183,566	1,826,587	183,354	1,822,926	212	3,661	218,728	2,047,752	218,595	2,045,566	133	2,186
Expanded income.....	243,759	149,231,797	243,228	149,147,284	531	84,513	310,042	168,646,170	309,717	168,519,970	325	126,200
Adjusted gross income plus excluded tax preferences.....	243,760	154,463,231	243,228	154,182,493	532	280,738	310,042	173,749,226	309,717	173,588,830	325	160,397
Adjusted gross income less investment interest.....	243,759	106,840,338	243,228	106,786,395	531	53,943	310,040	114,190,539	309,715	114,161,703	325	28,835
Investment interest per adjusted gross income concept.....	184,796	5,086,341	184,317	4,898,624	479	187,717	226,143	4,980,634	225,960	4,948,120	183	32,513
Investment interest per alternative income concept.....	184,796	5,086,341	184,317	4,898,624	479	187,717	226,314	5,103,056	226,131	5,068,859	183	34,197
Tax preferences excluded from adjusted gross income:												
Total.....	223,140	42,536,552	222,699	42,497,474	441	39,078	290,158	54,578,054	289,900	54,479,006	258	99,048
Excluded long-term capital gains.....	159,884	34,555,420	159,635	34,524,245	249	31,174	226,279	43,302,466	226,097	43,224,054	182	78,412
Dividend exclusion.....	195,726	33,270	195,366	33,209	360	61	246,085	41,243	245,880	41,207	205	36
All other.....	110,419	7,947,862	110,214	7,940,019	205	7,843	146,763	11,234,345	146,661	11,213,745	102	20,600
Adjusted gross income.....	243,760	111,926,679	243,228	111,685,019	532	241,660	310,040	119,171,172	309,715	119,109,823	325	61,349

Footnote(s) at end of table.

**Table 5 — Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax, Classified by Tax Status — Continued**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Returns with adjusted gross income \$200,000 or more						Returns with expanded income \$200,000 or more					
	Total		Returns with total income tax		Returns without total income tax		Total		Returns with total income tax		Returns without total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Exemption amount.....	243,760	828,394	243,228	826,594	532	1,800	310,042	1,033,973	309,717	1,032,856	325	1,117
Itemized deductions:												
Total per adjusted gross income concept.....	241,031	24,193,796	240,517	23,869,892	514	323,904	299,778	25,474,374	299,560	25,351,854	218	122,520
Total per expanded income concept.....	241,031	24,193,796	240,517	23,869,892	514	323,904	299,777	20,371,318	299,559	20,282,995	218	88,323
Contributions deduction.....	235,442	5,639,553	234,973	5,616,982	469	22,572	291,885	6,004,218	291,692	5,992,050	193	12,168
Interest paid deduction:												
Total per adjusted gross income concept.....	215,862	8,173,405	215,362	7,918,413	500	254,992	264,641	8,284,818	264,437	8,210,211	204	74,607
Total per expanded income concept.....	215,862	8,173,405	215,362	7,918,413	500	254,992	210,853	3,181,762	210,670	3,141,351	183	40,411
Total home mortgage interest.....	153,104	1,980,720	152,748	1,956,000	356	24,720	185,537	2,238,315	185,385	2,220,539	152	17,776
Investment interest exceeding investment income per adjusted gross income concept.....	107,955	1,106,344	107,623	1,063,790	332	42,555	129,076	1,065,870	128,943	1,041,552	133	24,318
Investment interest exceeding investment income per alternative income concept.....	107,955	1,106,344	107,623	1,063,790	332	42,555	127,244	943,447	127,113	920,812	131	22,635
Medical and dental expense deduction.....	6,749	191,594	6,729	189,228	20	2,366	12,534	234,070	12,520	232,174	14	1,897
Net casualty or theft loss deduction.....	526	38,694	491	19,361	35	19,333	691	42,398	659	23,734	32	18,665
Taxes paid deduction.....	240,988	8,681,894	240,482	8,668,435	506	13,259	299,737	9,288,778	299,524	9,282,587	213	6,190
Miscellaneous deductions.....	205,693	1,468,856	205,297	1,457,473	396	11,383	254,886	1,620,091	254,727	1,611,099	159	8,993
Excess itemized deductions.....	241,008	23,413,886	240,494	23,091,604	514	322,282	299,575	24,509,415	299,357	24,387,577	218	121,838
Zero bracket amount.....	243,760	788,446	243,228	786,769	532	1,677	310,042	997,509	309,717	996,474	325	1,035
Excess of exemptions and deductions over adjusted gross income.....	1,704	253,199	1,267	146,684	437	106,516	7,384	1,322,340	7,133	1,238,363	251	83,977
Taxable income:												
As computed under current law.....	242,226	87,932,416	242,106	87,909,661	120	22,755	303,440	94,928,309	303,349	94,906,712	91	21,596
As computed under prior law.....	242,056	87,149,084	241,961	87,126,669	95	22,415	302,658	93,952,798	302,584	93,931,462	74	21,335
Tax at normal rates.....	242,056	39,730,316	241,961	39,720,216	95	10,100	302,658	42,252,480	302,584	42,242,762	74	9,718
Tax savings.....	56,286	273,031	56,278	272,937	8	94	86,343	396,899	86,337	396,825	6	73
Income tax before credits.....	242,067	39,598,461	241,971	39,588,451	96	10,010	302,686	42,053,623	302,612	42,043,979	74	9,644
Tax credits:												
Total.....	188,243	1,307,097	188,147	1,297,088	96	10,010	223,975	1,402,968	223,901	1,393,323	74	9,644
Personal credits.....	122,798	18,458	122,779	18,456	19	3	144,883	21,330	144,672	21,329	11	2
Non personal credits.....	143,701	1,288,639	143,606	1,278,632	95	10,007	168,953	1,381,637	168,880	1,371,995	73	9,643
Foreign tax credit.....	20,782	107,198	20,721	97,394	61	9,803	20,804	106,913	20,750	97,422	54	9,491
Business credit.....	134,377	1,111,357	134,346	1,111,234	31	123	159,051	1,203,562	159,034	1,203,483	17	79
Investment credit.....	136,638	1,025,762	136,348	1,021,150	290	4,613	163,465	1,150,728	163,319	1,148,019	146	2,710
Alcohol fuel credit.....	410	6,390	410	6,390	1	1	407	6,380	407	6,380	1	1
Alternative minimum tax reported on Form 1040.....	41,072	2,124,088	41,072	2,124,088	—	—	79,274	3,273,848	79,274	3,273,848	—	—
Total income tax:												
Taxes paid to the U.S.....	243,228	40,422,211	243,228	40,422,211	—	—	309,717	43,933,396	309,717	43,933,396	—	—
Foreign taxes paid.....	—	—	—	—	—	—	—	—	—	—	—	—
Taxable income which would yield:												
Income tax before credits.....	242,067	86,916,720	241,971	86,894,420	96	22,300	302,686	93,571,328	302,612	93,550,094	74	21,234
Income tax after credits.....	241,403	84,251,792	241,403	84,251,792	—	—	300,697	90,662,062	300,697	90,662,062	—	—
Total income tax.....	243,228	88,610,457	243,228	88,610,457	—	—	309,717	97,665,170	309,717	97,665,170	—	—

†Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.  
NOTE: Detail may not add to total because of rounding.

**Table 6—Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax, Classified by Tax Status**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Returns with adjusted gross income \$200,000 or more						Returns with expanded income \$200,000 or more					
	Total		Returns with modified total income tax		Returns without modified total income tax		Total		Returns with modified total income tax		Returns without modified total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Salaries and wages.....	197,368	50,123,473	197,069	50,064,794	299	58,678	237,835	53,034,123	237,691	52,997,019	144	37,104
Business or profession:												
Net income.....	50,726	5,477,645	50,625	5,463,493	101	14,151	64,299	5,983,308	64,245	5,973,758	54	9,550
Net loss.....	24,397	1,242,050	24,270	1,221,658	127	20,391	34,578	1,718,649	34,517	1,690,129	61	28,519
Farm:												
Net income.....	4,510	281,885	4,498	280,384	12	1,500	6,392	324,644	6,388	323,990	4	654
Net loss.....	15,163	993,565	15,103	979,084	60	14,480	19,874	1,391,829	19,837	1,384,722	37	7,107
Partnership:												
Net income.....	69,957	7,865,379	69,813	7,840,728	144	24,650	84,110	8,264,775	84,045	8,245,925	65	18,850
Net loss.....	107,156	9,539,004	106,927	9,471,335	229	67,669	134,020	12,161,604	133,869	12,085,820	151	75,784
Small Business Corporation:												
Net income.....	32,602	8,519,063	32,552	8,509,740	50	9,323	37,804	8,781,591	37,770	8,772,971	34	8,620
Net loss.....	22,958	1,386,149	22,815	1,354,123	143	32,026	29,339	1,905,468	29,272	1,874,584	67	30,884
Sales of capital assets:												
Net gain.....	165,263	24,997,924	165,006	24,942,867	257	55,056	231,655	30,985,718	231,482	30,916,978	173	68,740
Net loss.....	38,982	90,609	38,939	90,492	43	116	38,535	89,816	38,519	89,771	16	45
Sales of property other than capital assets:												
Net gain.....	19,772	558,314	19,692	550,690	80	7,624	26,798	710,538	26,758	705,656	40	4,882
Net loss.....	29,408	260,859	29,344	258,354	64	2,505	33,033	318,127	33,002	315,071	31	3,056
Interest received.....	240,114	12,377,544	239,662	12,254,148	452	123,395	305,301	13,984,678	305,048	13,942,416	253	42,263
Dividends in adjusted gross income.....	197,971	10,360,838	197,623	10,302,033	348	58,804	247,541	11,034,024	247,347	11,021,092	194	12,932
Pensions and annuities in adjusted gross income.....	42,232	1,060,081	42,181	1,057,206	51	2,875	54,051	1,217,968	54,031	1,216,511	20	1,456
Rent:												
Net income.....	51,898	2,083,430	51,779	2,072,483	119	10,947	64,922	2,283,708	64,871	2,278,577	51	5,132
Net loss.....	68,581	1,841,069	68,416	1,824,939	165	16,130	89,796	2,419,663	89,719	2,402,617	77	17,046
Royalty:												
Net income.....	25,175	1,868,510	25,090	1,863,522	85	4,988	31,347	2,132,705	31,312	2,129,985	35	2,720
Net loss.....	2,442	41,414	2,434	41,359	8	55	3,378	69,042	3,377	69,037	1	5
Estate or trust:												
Net income.....	38,139	1,743,600	38,071	1,731,911	68	11,689	46,354	1,875,841	46,320	1,865,824	34	10,017
Net loss.....	3,210	73,298	3,202	72,986	8	312	4,446	101,729	4,443	101,699	3	30
State income tax refunds.....	103,376	499,023	103,260	498,173	116	850	124,560	543,760	124,498	543,247	62	514
Windfall profit tax refunds.....	13,048	28,345	13,026	28,283	22	63	14,866	31,051	14,856	31,024	10	27
Windfall profit tax withheld.....	50,497	227,934	50,382	226,927	115	1,008	58,799	254,256	58,747	253,871	52	385
Alimony received.....	603	15,909	†	†	†	†	723	18,044	723	18,044	—	—
Social security benefits in adjusted gross income.....	47,093	292,379	47,028	292,052	65	326	67,454	388,067	67,434	387,979	20	89
Unemployment compensation in adjusted gross income.....	635	1,329	635	1,329	—	—	1,501	3,767	1,501	3,767	—	—
Other income.....	52,355	1,544,764	52,230	1,535,965	125	8,799	61,799	1,667,875	61,746	1,662,460	53	5,415
Other loss.....	5,086	406,774	5,035	387,469	51	19,305	11,322	1,770,655	11,282	1,744,370	40	26,285
Total statutory adjustments.....	183,566	1,826,587	183,385	1,823,184	181	3,403	218,728	2,047,752	218,623	2,045,790	105	1,962
Expanded income.....	243,759	149,231,797	243,289	149,174,128	470	57,670	310,042	168,646,170	309,771	168,545,616	271	100,554
Adjusted gross income plus excluded tax preferences.....	243,760	154,463,231	243,289	154,210,322	471	252,909	310,042	173,749,226	309,771	173,614,916	271	134,310
Adjusted gross income less investment interest.....	243,759	106,840,338	243,289	106,810,584	470	29,744	310,040	114,190,539	309,769	114,184,764	271	5,775
Investment interest per adjusted gross income concept.....	184,796	5,086,341	184,355	4,899,601	441	186,740	226,143	4,980,634	225,991	4,948,553	152	32,081
Investment interest per alternative income concept.....	184,796	5,086,341	184,355	4,899,601	441	186,740	226,314	5,103,056	226,162	5,069,299	152	33,757
Tax preferences excluded from adjusted gross income:												
Total.....	223,140	42,536,552	222,735	42,500,126	405	36,426	290,158	54,578,054	289,933	54,481,599	225	96,455
Excluded long-term capital gains.....	159,884	34,555,420	159,655	34,526,601	229	28,819	226,279	43,302,466	226,116	43,226,351	163	76,115
Dividend exclusion.....	195,726	33,270	195,395	33,214	331	56	246,085	41,243	245,907	41,211	178	31
All other.....	110,419	7,947,862	110,226	7,940,311	193	7,551	146,763	11,234,345	146,673	11,214,037	90	20,308
Adjusted gross income.....	243,760	111,926,679	243,289	111,710,195	471	216,483	310,040	119,171,172	309,769	119,133,317	271	37,856

Footnote(s) at end of table.

**Table 6—Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax, Classified by Tax Status—Continued**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Returns with adjusted gross income \$200,000 or more						Returns with expanded income \$200,000 or more					
	Total		Returns with modified total income tax		Returns without modified total income tax		Total		Returns with modified total income tax		Returns without modified total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Exemption amount	243,760	828,394	243,289	826,808	471	1,586	310,042	1,033,973	309,771	1,033,042	271	931
Itemized deductions:												
Total per adjusted gross income concept	241,031	24,193,796	240,560	23,873,281	471	320,515	299,778	25,474,374	299,596	25,354,388	182	119,986
Total per expanded income concept	241,031	24,193,796	240,560	23,873,281	471	320,515	299,777	20,371,318	299,595	20,285,089	182	86,229
Contributions deduction	235,442	5,639,553	235,010	5,617,348	432	22,205	291,885	6,004,218	291,724	5,992,386	161	11,832
Interest paid deduction:												
Total per adjusted gross income concept	215,862	8,173,405	215,403	7,920,543	459	252,862	264,641	8,284,818	264,471	8,211,556	170	73,262
Total per expanded income concept	215,862	8,173,405	215,403	7,920,543	459	252,862	210,853	3,181,762	210,698	3,142,256	155	39,506
Total home mortgage interest	153,104	1,980,720	152,775	1,956,756	329	23,964	185,537	2,238,315	185,407	2,221,173	130	17,142
Investment interest exceeding investment income per adjusted gross income concept	107,955	1,106,344	107,645	1,064,186	310	42,158	129,076	1,065,870	128,960	1,041,830	116	24,040
Investment interest exceeding investment income per alternative income concept	107,955	1,106,344	107,645	1,064,186	310	42,158	127,244	943,447	127,130	921,084	114	22,364
Medical and dental expense deduction	6,749	191,594	6,729	189,228	20	2,366	12,534	234,070	12,520	232,174	14	1,897
Net casualty or theft loss deduction	526	38,694	491	19,361	35	19,333	691	42,398	659	23,734	32	18,665
Taxes paid deduction	240,988	8,681,694	240,521	8,669,180	467	12,514	299,737	9,288,778	299,557	9,283,299	180	5,479
Miscellaneous deductions	205,693	1,468,856	205,328	1,457,621	365	11,234	254,886	1,620,091	254,754	1,611,240	132	8,852
Excess itemized deductions	241,008	23,413,886	240,537	23,094,854	471	319,032	299,575	24,509,415	299,393	24,389,996	182	119,420
Zero bracket amount	243,760	788,446	243,289	786,963	471	1,483	310,042	997,509	309,771	996,644	271	864
Excess of exemptions and deductions over adjusted gross income	1,704	253,199	1,267	146,684	437	106,515	7,384	1,322,340	7,133	1,238,363	251	83,977
Taxable income:												
As computed under current law	242,226	87,932,416	242,167	87,931,373	59	1,043	303,440	94,928,309	303,403	94,927,601	37	707
As computed under prior law	242,056	87,149,084	242,022	87,148,186	34	898	302,658	93,952,798	302,638	93,952,180	20	618
Tax at normal rates	242,056	39,730,316	242,022	39,730,069	34	247	302,658	42,252,480	302,638	42,252,295	20	186
Tax savings	56,286	273,031	56,283	272,983	3	48	86,343	396,899	86,341	396,863	2	35
Income tax before credits	242,067	39,598,461	242,032	39,598,258	35	204	302,686	42,053,623	302,666	42,053,473	20	150
Tax credits:												
Total	187,815	1,199,900	187,780	1,199,696	35	204	223,550	1,296,054	223,530	1,295,904	20	150
Personal credits	122,798	18,458	122,786	18,458	12	2	144,683	21,330	144,679	21,329	4	1
Non personal credits	143,701	1,288,639	143,667	1,288,437	34	201	168,953	1,381,637	168,934	1,381,488	19	149
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—
Business credit	134,377	1,111,357	134,349	1,111,236	28	121	159,051	1,203,562	159,036	1,203,485	15	76
Investment credit	136,638	1,025,762	136,361	1,022,293	277	3,470	163,465	1,150,728	163,331	1,149,162	134	1,567
Alcohol fuel credit	410	6,390	†	†	†	†	407	6,380	407	6,380	—	—
Alternative minimum tax reported on Form 1040	41,072	2,124,088	41,072	2,124,088	—	—	79,274	3,273,848	79,274	3,273,848	—	—
Total income tax:												
Taxes paid to the U.S.	243,289	40,529,409	243,289	40,529,409	—	—	309,771	44,040,310	309,771	44,040,310	—	—
Foreign taxes paid	20,782	107,198	20,782	107,198	—	—	20,804	106,913	20,804	106,913	—	—
Taxable income which would yield:												
Income tax before credits	242,067	86,916,720	242,032	86,915,879	35	841	302,686	93,571,328	302,666	93,570,760	20	568
Income tax after credits	241,545	84,470,077	241,545	84,470,077	—	—	300,839	90,879,672	300,839	90,879,672	—	—
Total income tax	243,289	88,827,387	243,289	88,827,387	—	—	309,771	97,881,365	309,771	97,881,365	—	—

†Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.

NOTE: Detail may not add to total because of rounding.

**Table 7—Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Number of Returns and Percents Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect**

(All figures are estimates based on samples)

Item with second largest tax effect	Item with the largest tax effect									
	Total		Interest paid deduction		Taxes paid deduction		Contributions deduction		Medical and dental expense deduction	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Returns With Total Income Tax</b>										
<b>Returns with adjusted gross income \$200,000 or more</b>										
Total .....	243,228	100.0	76,786	31.6	111,867	46.0	32,271	13.3	2,485	1.0
Interest paid deduction .....	61,105	25.1	—	—	48,911	43.7	5,851	18.1	185	7.4
Taxes paid deduction .....	86,949	35.7	54,103	70.5	—	—	21,972	68.1	1,711	68.9
Contributions deduction .....	49,255	20.3	10,274	13.4	36,144	32.3	—	—	201	8.1
Medical and dental expense deduction .....	1,313	0.5	133	0.2	644	0.6	257	0.8	—	—
Net casualty or theft loss deduction .....	60	( )	9	( )	49	( )	†	†	—	—
Miscellaneous deductions .....	18,597	7.6	4,654	6.1	11,377	10.2	1,902	5.9	380	15.3
Foreign tax credit .....	5,811	2.4	29	( )	5,737	5.1	27	0.1	—	—
Investment credit .....	16,549	6.8	5,558	7.2	8,566	7.7	2,234	6.9	8	0.3
No second largest item .....	3,287	1.4	1,945	2.5	322	0.3	—	—	—	—
<b>Returns with expanded income \$200,000 or more</b>										
Total .....	309,717	100.0	99,188	32.0	135,688	43.8	40,984	13.2	3,632	1.2
Interest paid deduction .....	74,088	23.9	—	—	57,049	42.0	7,514	18.3	265	7.3
Taxes paid deduction .....	110,116	35.6	67,502	68.1	—	—	27,470	67.0	2,558	70.4
Contributions deduction .....	62,669	20.2	12,328	12.4	46,339	34.2	—	—	201	5.5
Medical and dental expense deduction .....	2,614	0.8	710	0.7	1,029	0.8	426	1.0	—	—
Net casualty or theft loss deduction .....	137	( )	46	( )	89	0.1	1	( )	—	—
Miscellaneous deductions .....	24,645	8.0	5,599	5.6	15,554	11.5	2,592	6.3	600	16.5
Foreign tax credit .....	5,802	1.9	17	( )	5,737	4.2	27	0.1	—	—
Investment credit .....	17,524	5.7	5,022	5.1	9,452	7.0	2,741	6.7	8	0.2
No second largest item .....	11,775	3.8	7,905	8.0	322	0.2	181	0.4	—	—
<b>Returns Without Total Income Tax</b>										
<b>Returns with adjusted gross income \$200,000 or more</b>										
Total .....	532	100.0	409	76.9	4	0.8	10	1.9	5	0.9
Interest paid deduction .....	59	11.1	—	—	†	†	6	60.0	—	—
Taxes paid deduction .....	157	29.5	143	35.0	—	—	—	—	†	†
Contributions deduction .....	148	27.8	131	32.0	†	†	—	—	†	†
Medical and dental expense deduction .....	8	1.5	4	1.0	—	—	4	40.0	—	—
Net casualty or theft loss deduction .....	†	†	†	†	—	—	—	—	—	—
Miscellaneous deductions .....	50	9.4	48	11.7	—	—	—	—	†	†
Foreign tax credit .....	†	†	†	†	—	—	—	—	—	—
Investment credit .....	85	16.0	79	19.3	—	—	—	—	—	—
No second largest item .....	20	3.8	†	†	—	—	—	—	—	—
<b>Returns with expanded income \$200,000 or more</b>										
Total .....	325	100.0	174	53.5	4	1.2	8	2.5	5	1.5
Interest paid deduction .....	47	14.5	—	—	2	50.0	4	50.0	—	—
Taxes paid deduction .....	62	19.1	43	24.7	—	—	—	—	1	20.0
Contributions deduction .....	58	17.8	42	24.1	†	25.0	—	—	2	40.0
Medical and dental expense deduction .....	6	1.8	1	0.6	†	25.0	4	50.0	—	—
Net casualty or theft loss deduction .....	2	0.6	1	0.6	—	—	—	—	—	—
Miscellaneous deductions .....	13	4.0	11	6.3	—	—	—	—	2	40.0
Foreign tax credit .....	1	0.3	—	—	—	—	—	—	—	—
Investment credit .....	26	8.0	18	10.3	—	—	—	—	—	—
No second largest item .....	108	33.2	58	33.3	—	—	—	—	—	—

Footnote(s) at end of table.

**Table 7 — Returns With and Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Number of Returns and Percents Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect — Continued**

(All figures are estimates based on samples)

Item with second largest tax effect	Item with the largest tax effect — Continued							
	Net casualty or theft loss deduction		Miscellaneous deductions		Foreign tax credit		Investment credit	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
<b>Returns With Total Income Tax</b>								
<b>Returns with adjusted gross income \$200,000 or more</b>								
Total.....	118	( )	5,795	2.4	161	0.1	13,505	5.6
Interest paid deduction.....	18	15.3	1,528	26.4	52	32.3	4,429	32.8
Taxes paid deduction.....	88	74.6	2,976	51.4	51	31.7	6,020	44.6
Contributions deduction.....	6	5.1	878	15.2	26	16.1	1,675	12.4
Medical and dental expense deduction.....	—	—	268	4.6	—	—	11	0.1
Net casualty or theft loss deduction.....	—	—	—	—	†	†	—	—
Miscellaneous deductions.....	†	†	—	—	†	†	278	2.1
Foreign tax credit.....	—	—	6	0.1	—	—	12	0.1
Investment credit.....	†	†	136	2.3	17	10.6	—	—
No second largest item.....	†	†	3	0.1	9	5.6	1,003	7.4
<b>Returns with expanded income \$200,000 or more</b>								
Total.....	158	0.1	7,757	2.5	176	0.1	21,816	7.0
Interest paid deduction.....	58	36.7	1,618	20.9	58	33.0	7,419	34.0
Taxes paid deduction.....	88	55.7	3,859	49.7	51	29.0	8,560	39.2
Contributions deduction.....	6	3.8	1,688	21.8	26	14.8	2,030	9.3
Medical and dental expense deduction.....	—	—	437	5.6	—	—	12	0.1
Net casualty or theft loss deduction.....	—	—	—	—	1	0.6	—	—
Miscellaneous deductions.....	1	0.6	—	—	5	2.8	294	1.3
Foreign tax credit.....	—	—	6	0.1	—	—	15	0.1
Investment credit.....	4	2.5	146	1.9	23	13.1	—	—
No second largest item.....	1	0.6	3	( )	12	6.8	3,347	15.3
<b>Returns Without Total Income Tax</b>								
<b>Returns with adjusted gross income \$200,000 or more</b>								
Total.....	30	5.6	13	2.4	56	10.5	5	0.9
Interest paid deduction.....	17	56.7	†	†	27	48.2	†	†
Taxes paid deduction.....	†	†	7	53.8	†	†	†	†
Contributions deduction.....	8	26.7	—	—	6	10.7	—	—
Medical and dental expense deduction.....	—	—	—	—	—	—	—	—
Net casualty or theft loss deduction.....	—	—	†	†	—	—	—	—
Miscellaneous deductions.....	—	—	—	—	—	—	—	—
Foreign tax credit.....	—	—	—	—	—	—	†	†
Investment credit.....	†	†	†	†	†	†	—	—
No second largest item.....	—	—	†	†	18	32.1	—	—
<b>Returns with expanded income \$200,000 or more</b>								
Total.....	29	8.9	17	5.2	52	16.0	34	10.5
Interest paid deduction.....	16	55.2	2	11.8	22	42.3	1	2.9
Taxes paid deduction.....	2	6.9	12	70.6	3	5.8	1	2.9
Contributions deduction.....	8	27.6	—	—	5	9.6	—	—
Medical and dental expense deduction.....	—	—	—	—	—	—	—	—
Net casualty or theft loss deduction.....	—	—	1	5.9	—	—	—	—
Miscellaneous deductions.....	—	—	—	—	—	—	—	—
Foreign tax credit.....	—	—	—	—	—	—	1	2.9
Investment credit.....	3	10.3	1	5.9	2	3.8	—	—
No second largest item.....	—	—	1	5.9	20	38.5	29	85.3

( ) Less than 0.05 percent.

†Data deleted to avoid disclosure of information of specific taxpayers. Deleted data are included in the appropriate totals.

NOTE: Detail may not add to total because of rounding.

**Table 8 — Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Number of Returns and Percents Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect**

(All figures are estimates based on samples)

Item with second largest tax effect	Item with the largest tax effect									
	Total		Interest paid deduction		Taxes paid deduction		Contributions deduction		Medical and dental expense deduction	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Returns With Modified Total Income Tax</b>										
Returns with adjusted gross income \$200,000 or more										
Total .....	243,289	100.0	76,896	31.6	111,921	46.0	32,303	13.3	2,485	1.0
Interest paid deduction .....	61,122	25.1	—	—	48,959	43.7	5,865	18.2	185	7.4
Taxes paid deduction .....	86,995	35.8	54,164	70.4	—	—	21,990	68.1	1,711	68.9
Contributions deduction .....	54,894	22.6	10,290	13.4	41,787	37.3	—	—	201	8.1
Medical and dental expense deduction .....	1,314	0.5	134	0.2	644	0.6	257	0.8	—	—
Net casualty or theft loss deduction .....	59	( )	9	( )	49	( )	—	—	—	—
Miscellaneous deductions .....	18,700	7.7	4,672	6.1	11,445	10.2	1,921	5.9	380	15.3
Foreign tax credit .....	—	—	—	—	—	—	—	—	—	—
Investment credit .....	16,582	6.8	5,569	7.2	8,596	7.7	2,241	6.9	8	0.3
No second largest item .....	3,320	1.4	1,977	2.6	323	0.3	—	—	—	—
Returns with expanded income \$200,000 or more										
Total .....	309,771	100.0	99,301	32.1	135,742	43.8	41,015	13.2	3,632	1.2
Interest paid deduction .....	74,106	23.9	—	—	57,097	42.1	7,527	18.4	265	7.3
Taxes paid deduction .....	110,159	35.6	67,560	68.0	—	—	27,488	67.0	2,558	70.4
Contributions deduction .....	68,305	22.1	12,341	12.4	51,982	38.3	—	—	201	5.5
Medical and dental expense deduction .....	2,615	0.8	711	0.7	1,029	0.8	426	1.0	—	—
Net casualty or theft loss deduction .....	136	( )	46	( )	89	0.1	1	( )	—	—
Miscellaneous deductions .....	24,747	8.0	5,616	5.7	15,622	11.5	2,611	6.4	600	16.5
Foreign tax credit .....	—	—	—	—	—	—	—	—	—	—
Investment credit .....	17,547	5.7	5,029	5.1	9,482	7.0	2,748	6.7	8	0.2
No second largest item .....	11,808	3.8	7,939	8.0	323	0.2	182	0.4	—	—
<b>Returns Without Modified Total Income Tax</b>										
Returns with adjusted gross income \$200,000 or more										
Total .....	471	100.0	405	86.0	4	0.8	10	2.1	5	1.1
Interest paid deduction .....	32	6.8	—	—	—	—	6	60.0	—	—
Taxes paid deduction .....	151	32.1	140	34.6	—	—	—	—	—	—
Contributions deduction .....	142	30.1	131	32.3	—	—	—	—	—	—
Medical and dental expense deduction .....	8	1.7	4	1.0	—	—	4	40.0	—	—
Net casualty or theft loss deduction .....	—	—	—	—	—	—	—	—	—	—
Miscellaneous deductions .....	50	10.6	48	11.9	—	—	—	—	—	—
Foreign tax credit .....	—	—	—	—	—	—	—	—	—	—
Investment credit .....	83	17.6	79	19.5	—	—	—	—	—	—
No second largest item .....	—	—	—	—	—	—	—	—	—	—
Returns with expanded income \$200,000 or more										
Total .....	271	100.0	173	63.8	4	1.5	8	3.0	5	1.8
Interest paid deduction .....	25	9.2	—	—	2	50.0	4	50.0	—	—
Taxes paid deduction .....	58	21.4	42	24.3	—	—	—	—	1	20.0
Contributions deduction .....	53	19.6	42	24.3	1	25.0	—	—	2	40.0
Medical and dental expense deduction .....	6	2.2	1	0.6	1	25.0	4	50.0	—	—
Net casualty or theft loss deduction .....	2	0.7	1	0.6	—	—	—	—	—	—
Miscellaneous deductions .....	13	4.8	11	6.4	—	—	—	—	2	40.0
Foreign tax credit .....	—	—	—	—	—	—	—	—	—	—
Investment credit .....	24	8.9	18	10.4	—	—	—	—	—	—
No second largest item .....	88	32.5	58	33.5	—	—	—	—	—	—

Footnote(s) at end of table.

**Table 8 — Returns With and Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Number of Returns and Percents Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect — Continued**

(All figures are estimates based on samples)

Item with second largest tax effect	Item with the largest tax effect — Continued							
	Net casualty or theft loss deduction		Miscellaneous deductions		Foreign tax credit		Investment credit	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
<b>Returns With Modified Total Income Tax</b>								
<b>Returns with adjusted gross income \$200,000 or more</b>								
Total .....	119	( )	5,800	2.4	—	—	13,525	5.6
Interest paid deduction .....	18	15.1	1,529	26.4	—	—	4,435	32.8
Taxes paid deduction .....	89	74.6	2,981	51.4	—	—	6,032	44.6
Contributions deduction .....	6	5.0	881	15.2	—	—	1,678	12.4
Medical and dental expense deduction .....	—	—	268	4.6	—	—	11	0.1
Net casualty or theft loss deduction .....	—	—	—	—	—	—	281	2.1
Miscellaneous deductions .....	†	†	—	—	—	—	—	—
Foreign tax credit .....	—	—	—	—	—	—	—	—
Investment credit .....	†	†	138	2.4	—	—	—	—
No second largest item .....	†	†	3	0.1	—	—	1,011	7.5
<b>Returns with expanded income \$200,000 or more</b>								
Total .....	159	0.1	7,762	2.5	—	—	21,842	7.1
Interest paid deduction .....	58	36.5	1,619	20.9	—	—	7,433	34.0
Taxes paid deduction .....	89	56.0	3,864	49.8	—	—	8,572	39.2
Contributions deduction .....	6	3.8	1,691	21.8	—	—	2,033	9.3
Medical and dental expense deduction .....	—	—	437	5.6	—	—	12	0.1
Net casualty or theft loss deduction .....	—	—	—	—	—	—	297	1.4
Miscellaneous deductions .....	1	0.6	—	—	—	—	—	—
Foreign tax credit .....	—	—	—	—	—	—	—	—
Investment credit .....	4	2.5	148	1.9	—	—	—	—
No second largest item .....	1	0.6	3	( )	—	—	3,356	15.4
<b>Returns Without Modified Total Income Tax</b>								
<b>Returns with adjusted gross income \$200,000 or more</b>								
Total .....	30	6.4	13	2.8	—	—	4	0.8
Interest paid deduction .....	17	56.7	†	†	—	—	†	†
Taxes paid deduction .....	†	†	7	53.8	—	—	†	†
Contributions deduction .....	8	26.7	—	—	—	—	—	—
Medical and dental expense deduction .....	—	—	—	—	—	—	—	—
Net casualty or theft loss deduction .....	—	—	†	†	—	—	—	—
Miscellaneous deductions .....	—	—	—	—	—	—	—	—
Foreign tax credit .....	—	—	—	—	—	—	—	—
Investment credit .....	†	†	†	†	—	—	—	—
No second largest item .....	—	—	†	†	—	—	—	—
<b>Returns with expanded income \$200,000 or more</b>								
Total .....	29	10.7	17	6.3	—	—	33	12.2
Interest paid deduction .....	16	55.2	2	11.8	—	—	1	3.0
Taxes paid deduction .....	2	6.9	12	70.6	—	—	1	3.0
Contributions deduction .....	8	27.6	—	—	—	—	—	—
Medical and dental expense deduction .....	—	—	—	—	—	—	—	—
Net casualty or theft loss deduction .....	—	—	1	5.9	—	—	—	—
Miscellaneous deductions .....	—	—	—	—	—	—	—	—
Foreign tax credit .....	—	—	—	—	—	—	—	—
Investment credit .....	3	10.3	1	5.9	—	—	—	—
No second largest item .....	—	—	1	5.9	—	—	29	87.9

( ) Less than 0.05 percent.

†Data deleted to avoid disclosure of information of specific taxpayers. Deleted data are included in the appropriate totals.

NOTE: Detail may not add to total because of rounding.

**Table 9 — Returns Without Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Itemized Deductions as a Percent of Income**

(All figures are estimates based on samples)

Type of deduction or credit	Returns with adjusted gross income \$200,000 or more										
	Total	No deduction or credit	Under 10%	10% under 20%	20% under 30%	30% under 40%	40% under 50%	50% under 60%	60% under 70%	70% under 100%	100% or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total itemized deductions	532	18	26	7	3	2	—	2	3	53	418
Interest paid deduction:											
Total	532	32	58	9	11	5	7	7	12	152	239
Investment interest per income concept	532	53	105	31	22	22	23	14	19	131	112
Investment interest exceeding investment income per concept	532	200	172	33	24	14	13	11	10	32	23
Taxes paid deduction	532	26	415	64	8	9	—	—	†	6	†
Contributions deduction	532	63	338	41	21	28	21	20	—	—	—
Medical and dental expenses deduction	532	512	5	†	†	—	4	†	†	—	4
Net casualty or theft loss deduction	532	497	†	†	†	—	—	—	4	7	18
Miscellaneous deductions	532	136	339	28	7	6	†	†	—	9	4
Deduction equivalent of:											
Total credits	532	436	28	5	4	†	—	†	—	55	—
Foreign tax credit	532	471	3	—	—	†	—	†	—	54	—
Investment credit	532	485	27	9	†	†	—	†	†	—	4
Tax preferences excluded from adjusted gross income	532	327	179	18	4	—	†	—	—	†	†

Type of deduction or credit	Returns with expanded income \$200,000 or more										
	Total	No deduction or credit	Under 10%	10% under 20%	20% under 30%	30% under 40%	40% under 50%	50% under 60%	60% under 70%	70% under 100%	100% or more
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Total itemized deductions	325	110	27	4	2	3	—	3	1	40	135
Interest paid deduction:											
Total	325	143	61	8	3	5	5	5	3	43	49
Investment interest per income concept	325	145	102	22	12	4	7	5	1	6	21
Investment interest exceeding investment income per concept	325	195	58	7	6	5	3	4	3	20	24
Taxes paid deduction	325	114	169	25	4	3	4	1	1	2	2
Contributions deduction	325	135	125	14	12	9	7	8	2	7	6
Medical and dental expenses deduction	325	312	3	†	—	—	4	—	1	—	4
Net casualty or theft loss deduction	325	293	—	2	1	1	—	—	3	9	16
Miscellaneous deductions	325	168	123	7	5	1	—	—	—	9	12
Deduction equivalent of:											
Total credits	325	251	11	7	1	3	3	—	3	46	—
Foreign tax credit	325	271	1	—	—	2	3	—	3	45	—
Investment credit	325	294	18	5	2	—	1	1	1	—	3
Tax preferences excluded from adjusted gross income	325	223	68	11	3	3	—	—	1	3	13

†Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in totals.

**Table 10 — Returns Without Modified Total Income Tax and With Income \$200,000 or More Under Alternative Concepts: Itemized Deductions as a Percent of Income**

(All figures are estimates based on samples)

Type of deduction or credit	Returns with adjusted gross income \$200,000 or more										
	Total	No deduction or credit	Under 10%	10% under 20%	20% under 30%	30% under 40%	40% under 50%	50% under 60%	60% under 70%	70% under 100%	100% or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total itemized deductions	471	—	—	—	—	†	—	†	†	50	418
Interest paid deduction:											
Total	471	12	27	6	10	3	7	6	12	149	239
Investment interest per income concept	471	30	71	30	22	21	22	14	19	130	112
Investment interest exceeding investment income per concept	471	161	153	32	23	13	13	11	10	32	23
Taxes paid deduction	471	4	378	62	8	9	—	—	†	6	†
Contributions deduction	471	39	303	41	19	28	21	20	—	—	—
Medical and dental expenses deduction	471	451	5	†	†	—	4	†	†	—	4
Net casualty or theft loss deduction	471	436	†	†	†	—	—	—	4	7	18
Miscellaneous deductions	471	106	308	28	7	6	†	†	—	9	4
Deduction equivalent of:											
Total credits	471	436	25	5	†	—	—	—	—	†	—
Foreign tax credit	471	471	—	—	—	—	—	—	—	—	—
Investment credit	471	437	16	8	†	3	—	†	†	—	3
Tax preferences excluded from adjusted gross income	471	278	168	17	4	—	†	—	—	†	†

Type of deduction or credit	Returns with expanded income \$200,000 or more										
	Total	No deduction or credit	Under 10%	10% under 20%	20% under 30%	30% under 40%	40% under 50%	50% under 60%	60% under 70%	70% under 100%	100% or more
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Total itemized deductions	271	90	1	1	1	2	—	1	1	39	135
Interest paid deduction:											
Total	271	116	39	6	2	4	5	5	3	42	49
Investment interest per income concept	271	120	74	21	12	4	7	5	1	6	21
Investment interest exceeding investment income per concept	271	157	44	6	6	4	3	4	3	20	24
Taxes paid deduction	271	92	139	23	4	3	4	1	1	2	2
Contributions deduction	271	111	98	13	10	9	7	8	2	7	6
Medical and dental expenses deduction	271	258	3	1	—	—	4	—	1	—	4
Net casualty or theft loss deduction	271	239	—	2	1	1	—	—	3	9	16
Miscellaneous deductions	271	139	98	7	5	1	—	—	—	9	12
Deduction equivalent of:											
Total credits	271	251	10	7	1	1	—	—	—	1	—
Foreign tax credit	271	271	—	—	—	—	—	—	—	—	—
Investment credit	271	252	8	4	2	—	1	1	1	—	2
Tax preferences excluded from adjusted gross income	271	181	57	10	3	3	—	—	1	3	13

†Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in totals.

## Individual Returns/1984

**Table 11.—Returns With and Without Total Income Tax: Number of Returns and Percents Classified by Effective Tax Rate and by Size of Income Under Alternative Concepts**

[All figures are estimates based on samples]

Effective tax rate	Total		Size of adjusted gross income							
	Number of returns	Percent of total	Under \$50,000 <sup>1</sup>		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
			Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>All returns</b> .....	<b>99,438,708</b>	<b>100.0</b>	<b>92,726,609</b>	<b>100.0</b>	<b>5,707,146</b>	<b>100.0</b>	<b>761,193</b>	<b>100.0</b>	<b>243,760</b>	<b>100.0</b>
Returns without total income tax .....	16,509,809	16.6	16,483,680	17.8	23,969	0.4	1,628	0.2	532	0.2
Returns with total income tax .....	82,928,899	83.4	76,242,929	82.2	5,683,177	99.6	759,565	99.8	243,228	99.8
Effective tax rate:										
Under 5 percent .....	15,677,858	15.8	15,603,244	16.8	68,911	1.2	4,447	0.6	1,256	0.5
5 under 10 percent .....	28,442,793	28.6	28,126,428	30.3	295,219	5.2	19,436	2.6	1,710	0.7
10 under 15 percent .....	25,673,947	25.8	24,458,231	26.4	1,172,810	20.6	38,147	5.0	4,759	2.0
15 under 20 percent .....	9,734,040	9.8	7,282,986	7.9	2,341,132	41.0	94,292	12.4	15,630	6.4
20 under 25 percent .....	2,256,197	2.3	669,505	0.7	1,381,083	24.2	185,490	24.4	20,119	8.3
25 under 30 percent .....	637,143	0.6	54,177	0.1	328,085	5.7	226,025	29.7	28,856	11.8
30 under 35 percent .....	287,376	0.3	19,412	( )	71,040	1.2	145,502	19.1	51,422	21.1
35 under 40 percent .....	118,442	0.1	1,097	( )	12,780	0.2	34,825	4.6	69,740	28.6
40 under 45 percent .....	47,584	( )	3,558	( )	3,428	0.1	4,950	0.7	35,648	14.6
45 under 50 percent .....	26,365	( )	14,152	( )	1,799	( )	1,307	0.2	9,107	3.7
50 under 60 percent .....	11,716	( )	4,495	( )	2,782	( )	2,107	0.3	2,332	1.0
60 under 70 percent .....	6,191	( )	634	( )	2,317	( )	1,793	0.2	1,447	0.6
70 under 80 percent .....	2,314	( )	871	( )	431	( )	219	( )	793	0.3
80 percent or more .....	6,933	( )	4,139	( )	1,360	( )	1,025	0.1	409	0.2

Effective tax rate	Total		Size of expanded income							
	Number of returns	Percent of total	Under \$50,000 <sup>1</sup>		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
			Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
<b>All returns</b> .....	<b>99,438,708</b>	<b>100.0</b>	<b>92,513,608</b>	<b>100.0</b>	<b>5,752,243</b>	<b>100.0</b>	<b>862,815</b>	<b>100.0</b>	<b>310,042</b>	<b>100.0</b>
Returns without total income tax .....	16,509,809	16.6	16,482,452	17.8	24,814	0.4	2,218	0.3	325	0.1
Returns with total income tax .....	82,928,899	83.4	76,031,156	82.2	5,727,429	99.6	860,597	99.7	309,717	99.9
Effective tax rate:										
Under 5 percent .....	15,852,525	15.9	15,753,344	17.0	92,214	1.6	6,152	0.7	815	0.3
5 under 10 percent .....	28,550,758	28.7	28,123,774	30.4	393,972	6.8	30,222	3.5	2,790	0.9
10 under 15 percent .....	25,603,035	25.7	24,229,810	26.2	1,245,603	21.7	108,384	12.6	19,238	6.2
15 under 20 percent .....	9,825,287	9.9	7,232,867	7.8	2,349,295	40.8	154,496	17.9	88,629	28.6
20 under 25 percent .....	2,219,118	2.2	630,108	0.7	1,330,254	23.1	222,475	25.8	36,281	11.7
25 under 30 percent .....	543,021	0.5	36,399	( )	263,820	4.6	205,630	23.8	37,172	12.0
30 under 35 percent .....	217,396	0.2	12,541	( )	45,331	0.8	109,750	12.7	49,774	16.1
35 under 40 percent .....	76,295	0.1	677	( )	2,601	( )	20,860	2.4	52,157	16.8
40 under 45 percent .....	28,572	( )	6,451	( )	1,522	( )	1,314	0.2	19,285	6.2
45 under 50 percent .....	7,570	( )	4,018	( )	—	—	542	0.1	3,010	1.0
50 under 60 percent .....	2,846	( )	1	( )	2,089	( )	518	0.1	238	0.1
60 under 70 percent .....	581	( )	40	( )	227	( )	—	—	314	0.1
70 under 80 percent .....	4	( )	—	—	—	—	1	( )	3	( )
80 percent or more .....	1,891	( )	1,126	( )	501	( )	253	( )	11	( )

( ) Less than 0.05 percent.

<sup>1</sup> Includes returns with no adjusted gross income.

NOTE: Detail may not add to total because of rounding.

**Table 12.—Returns With and Without Modified Total Income Tax: Number of Returns and Percents Classified by Effective Tax Rate and by Size of Income Under Alternative Concepts**

[All figures are estimates based on samples]

Effective tax rate	Total		Size of adjusted gross income							
	Number of returns	Percent of total	Under \$50,000 <sup>1</sup>		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
			Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>All returns</b> .....	<b>99,438,708</b>	<b>100.0</b>	<b>92,726,609</b>	<b>100.0</b>	<b>5,707,146</b>	<b>100.0</b>	<b>761,193</b>	<b>100.0</b>	<b>243,760</b>	<b>100.0</b>
Returns without modified total income tax .....	16,474,357	16.6	16,456,144	17.7	16,116	0.3	1,626	0.2	471	0.2
Returns with modified total income tax .....	82,964,351	83.4	76,270,465	82.3	5,691,030	99.7	759,567	99.8	243,289	99.8
Effective tax rate:										
Under 5 percent .....	15,650,880	15.7	15,581,935	16.8	63,307	1.1	4,446	0.6	1,192	0.5
5 under 10 percent .....	28,444,974	28.6	28,140,987	30.3	287,367	5.0	14,936	2.0	1,684	0.7
10 under 15 percent .....	25,708,261	25.9	24,492,517	26.4	1,172,810	20.6	38,146	5.0	4,788	2.0
15 under 20 percent .....	9,739,624	9.8	7,282,986	7.9	2,346,735	41.1	94,291	12.4	15,612	6.4
20 under 25 percent .....	2,266,279	2.3	669,505	0.7	1,391,186	24.4	185,490	24.4	20,098	8.2
25 under 30 percent .....	642,740	0.6	54,177	0.1	333,688	5.8	226,026	29.7	28,849	11.8
30 under 35 percent .....	289,630	0.3	19,412	( )	71,040	1.2	147,753	19.4	51,425	21.1
35 under 40 percent .....	120,694	0.1	1,097	( )	12,780	0.2	37,076	4.9	69,741	28.6
40 under 45 percent .....	47,657	( )	3,558	( )	3,428	0.1	4,951	0.7	35,720	14.7
45 under 50 percent .....	26,443	( )	14,152	( )	1,799	( )	1,307	0.2	9,185	3.8
50 under 60 percent .....	11,726	( )	4,494	( )	2,782	( )	2,108	0.3	2,342	1.0
60 under 70 percent .....	6,194	( )	635	( )	2,317	( )	1,793	0.2	1,449	0.6
70 under 80 percent .....	2,316	( )	871	( )	431	( )	219	( )	795	0.3
80 percent or more .....	6,933	( )	4,139	( )	1,360	( )	1,025	0.1	409	0.2

Effective tax rate	Total		Size of expanded income							
	Number of returns	Percent of total	Under \$50,000 <sup>1</sup>		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
			Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
<b>All returns</b> .....	<b>99,438,708</b>	<b>100.0</b>	<b>92,513,608</b>	<b>100.0</b>	<b>5,752,243</b>	<b>100.0</b>	<b>862,815</b>	<b>100.0</b>	<b>310,042</b>	<b>100.0</b>
Returns without modified total income tax .....	16,474,357	16.6	16,454,916	17.8	16,960	0.3	2,210	0.3	271	0.1
Returns with modified total income tax .....	82,964,351	83.4	76,058,692	82.2	5,735,283	99.7	860,605	99.7	309,771	99.9
Effective tax rate:										
Under 5 percent .....	15,823,297	15.9	15,729,785	17.0	86,611	1.5	6,152	0.7	749	0.2
5 under 10 percent .....	28,560,787	28.7	28,146,186	30.4	386,120	6.7	25,721	3.0	2,760	0.9
10 under 15 percent .....	25,626,125	25.8	24,252,890	26.2	1,245,603	21.7	108,383	12.6	19,249	6.2
15 under 20 percent .....	9,836,457	9.9	7,238,470	7.8	2,354,898	40.9	154,496	17.9	88,593	28.6
20 under 25 percent .....	2,229,249	2.2	630,108	0.7	1,340,357	23.3	222,478	25.8	36,306	11.7
25 under 30 percent .....	548,637	0.6	36,399	( )	269,423	4.7	205,630	23.8	37,185	12.0
30 under 35 percent .....	219,650	0.2	12,541	( )	45,331	0.8	112,001	13.0	49,777	16.1
35 under 40 percent .....	78,578	0.1	677	( )	2,601	( )	23,114	2.7	52,186	16.8
40 under 45 percent .....	28,632	( )	6,451	( )	1,522	( )	1,315	0.2	19,344	6.2
45 under 50 percent .....	7,615	( )	4,018	( )	—	—	542	0.1	3,055	1.0
50 under 60 percent .....	2,847	( )	1	( )	2,089	( )	519	0.1	238	0.1
60 under 70 percent .....	582	( )	40	( )	227	( )	—	—	315	0.1
70 under 80 percent .....	4	( )	—	( )	—	—	1	( )	3	( )
80 percent or more .....	1,891	( )	1,126	( )	501	( )	253	( )	11	( )

( ) Less than 0.05 percent.

<sup>1</sup> Includes returns with no adjusted gross income.

NOTE: Detail may not add to total because of rounding.

# Nonprofit Charitable Organizations, 1983

By Cecelia Hilgert\*

Nonprofit charitable organizations filing returns for 1983 showed increases in the major sources of revenue and other financial items reported by these organizations [1]. Total revenues and expenses both rose by more than 14 percent over the previous year [2]. Fees collected from the public for services performed (program service revenue) comprised two-thirds of the total revenue of these organizations and increased by 19 percent to \$147.5 billion (Figure A). Contributions received, on the other hand, comprised only about one-fifth of total revenue and increased by 12 percent to \$46.4 billion. These data were obtained from Form 990, the information form which is filed by charitable organizations with annual gross receipts of more than \$25,000.

**Figure A.—Selected Data Items for Nonprofit Charitable Organizations, 1982 and 1983**

[Money amounts are in billions of dollars]

Item	1982	1983
	(1)	(2)
Number of returns .....	75,738	89,052
Total assets .....	\$279.6	\$331.2
Total revenue .....	196.3	224.0
Contributions, gifts, and grants .....	41.3	46.4
Dues and assessments .....	2.5	3.1
Program service revenue .....	124.4	147.5
Total expenses .....	181.3	207.5
Program service expenses .....	151.7	173.6
Fundraising expenses .....	1.7	1.8
Management and general expenses .....	27.4	31.8

Source: Data for 1982 are from *Statistics of Income Bulletin*, Winter 1985-86, Volume 5, Number 3, p.21.

The Internal Revenue Code classified nonprofit organizations into 23 groups, certain of which could receive tax deductible contributions; those organizations that were exempt under section 501(c)(3) received the major share of the tax deductible donations. Tax-exempt status was typically granted to organizations having purposes that were religious, educational, scientific, health-related, or literary, or that were related to testing for public safety. Examples of the diversity of organizations meeting tax-exempt criteria under section 501(c)(3) were universities, hospitals, art museums, YMCA activities, community theaters, and environmental support groups such as the National Audubon Society. Data in this article refer only to the tax-exempt section 501(c)(3) organizations (exclusive of private foundations), hereinafter called "nonprofit charitable organizations" [3]. Churches, including a convention of churches, or an association of churches, were not required to file Form 990 and were not included in these data; in 1982, there were 338,000 churches in the United States [4]. Some

religious-affiliated organizations did file Form 990, and these were included in the data.

In 1983, an estimated 89,052 of the 279,895 organizations recognized by the Internal Revenue Service as nonprofit charities filed Form 990, up markedly from the 75,738 organizations that filed for 1982 [5]. These organizations were granted tax-exempt status with the qualification that their activities had to be substantially related to the exempt purpose of the organization and had to serve public interests. A further stipulation was that net earnings could not flow to a private shareholder or individual, and there were restrictions also on activities to influence legislation. Finally, these organizations could not participate in any political campaign on behalf of any candidate for political office.

The asset holdings of nonprofit charitable organizations increased from 1982 to 1983 by an inflation-adjusted 14 percent to \$331.2 billion [6]. Four-fifths of the total assets was held by the 5 percent of the organizations with assets of \$10,000,000 or more. Likewise, these larger organizations received three-fourths of the total revenue; most of the \$28-billion increase in total revenue over the previous year can be attributed to these organizations with assets of \$10,000,000 or more. Figures B and C present the leading organizations in revenues and assets, respectively, for 1983.

**Figure B**  
**Top Ten Section 501(c)(3)**  
**Organizations Ranked by Total**  
**Revenue, 1983**

[Money amounts are in millions of dollars]

Name	Total Revenue
Teachers Insurance and Annuity Association of America	\$4,118
Kaiser Foundation Health Plan	2,514
College Retirement Equities Fund	2,430
New York City Health and Hospitals Corporation	1,745
Kaiser Foundation Hospitals	1,322
University of Pennsylvania	830
American National Red Cross	786
University of Chicago	781
Sisters of Mercy Health Corporation	771
Stanford University	759

\*Foreign Special Projects Section. Prepared under the direction of Michael Alexander, Chief.

Figure C

### Top Ten Section 501(c)(3) Organizations Ranked by Total Assets, 1983

[Money amounts are in millions of dollars]

Name	Total Assets
Teachers Insurance and Annuity Association of America	\$16,144
College Retirement Equities Fund	14,748
Harvard College	3,558
Stanford University	1,949
Yale University	1,878
Princeton University	1,611
Shriners Hospital for Crippled Children	1,480
New York City Health and Hospitals Corporation	1,315
Kaiser Foundation Hospitals	1,197
University of Pennsylvania	1,188

In contrast, as would be expected, the large increase in the number of returns filed primarily reflected the increasing number of organizations with assets of less than \$10,000,000. Organizations of this size filed 84,282 returns for 1983, an increase of almost 13,000 over 1982. Organizations having \$500,000 to \$1,000,000 in assets, principally publicly-supported organizations, showed a particularly notable rate of increase for 1983. Organizations of this size filed 75 percent more returns than for 1982, reported 58 percent more total revenue, and reported a 70-percent increase in total assets.

### 1983 FINANCIAL CHARACTERISTICS

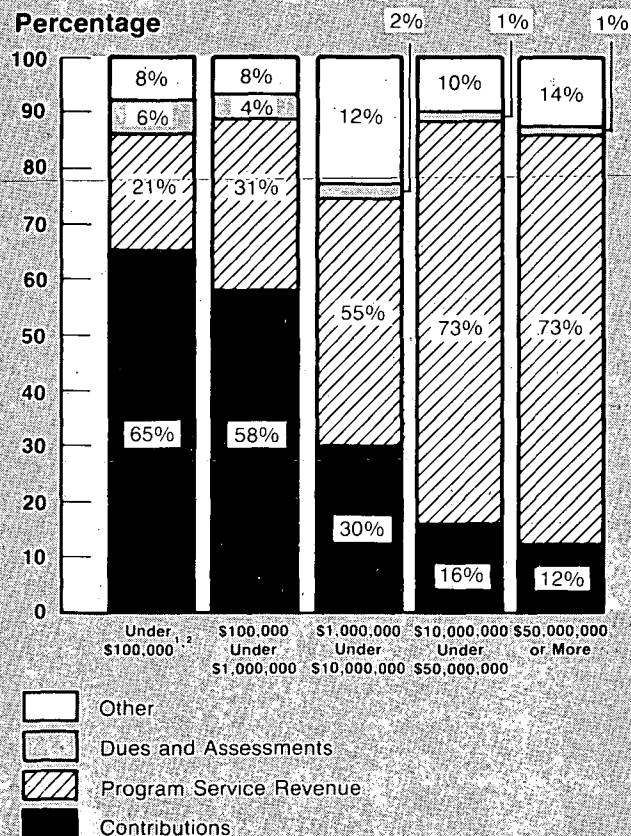
Program service revenue—the term used for the fees collected for the programs operated by nonprofit institutions—remained the leading type of revenue received for 1983, totaling \$147.5 billion and accounting for two-thirds of their total revenue. Program service revenue included hospital patient care charges (whether paid by the patients or through Medicare, Medicaid, or other third-party reimbursement); tuition, fees, and day care charges at educational institutions; admissions to museums, concerts or other performing arts events; educational workshop fees; document research fees collected by historical societies; charges for athletic programs and housing facilities at YM-CA's; and payments received for insurance and retirement coverage by pension and annuity funds. With an increase of nearly 19 percent, program service revenue represented a slightly greater proportion of total revenue for 1983 than it had for 1982, reflecting the increasing need felt by these tax-exempt organizations to generate more revenue from

their own programs rather than rely on contributions and grants [7].

Ninety-four percent of the organizations reporting contributions as a source of revenue for 1983 had assets of less than \$10,000,000. Reliance on contributions was inversely related to the asset size of nonprofit charitable organizations (Figure D). Thus, while organizations with assets of less than \$100,000 relied on contributions for 65 percent of their total revenue, organizations with assets of between \$10,000,000 and \$50,000,000 relied on contributions for only 16 percent, and those with assets of \$50,000,000 or more for only 12 percent of their total revenue.

Figure D

### Components of Revenue, by Asset Size, 1983



<sup>1</sup>Estimates should be used with caution because of the small number of sample returns on which they are based.

<sup>2</sup>Includes also returns with zero assets or assets not reported.

Contributions represented 21 percent of the total revenue of nonprofit charitable organizations. The contributions total was almost equally divided between direct public support (\$20.1 billion) and Government grants (\$22.0 billion). The nearly \$5 billion increase in contributions reported for 1983 was divided fairly equally between the smaller organizations (those with assets of less than \$10,000,000) and the larger organizations (Figure E).

**Figure E.—Contributions Received by Nonprofit Charitable Organizations, by Asset Size , 1983**

[Money amounts are in millions of dollars]

Asset size	Total contributions	Contributions received through direct support <sup>1</sup>	Contributions received through indirect support <sup>1</sup>	Contributions received through Government grants
	(1)	(2)	(3)	(4)
Total .....	\$46,383	\$20,130	\$4,275	\$21,978
Under \$100,000 .....	3,316	1,147	31	2,137
\$100,000 under \$500,000 .....	4,510	1,128	458	2,923
\$500,000 under \$1,000,000 .....	5,241	1,547	333	3,361
\$1,000,000 under \$10,000,000 .....	10,731	4,872	1,189	4,670
\$10,000,000 under \$50,000,000 .....	9,798	5,763	1,214	2,821
\$50,000,000 or more .....	12,787	5,672	1,050	6,065

<sup>1</sup> Includes contributions, gifts, grants and bequests received directly from the public.<sup>2</sup> Includes contributions received indirectly from the public through solicitation campaigns conducted by fundraising agencies.

Note: Detail may not add to total because of rounding.

Total expenses of the nonprofit charitable organizations, comprising such functional classifications as salaries and wages, pension plan contributions, other employee benefits, legal fees, rent, interest, supplies and travel, totaled \$207.5 billion for 1983. The expenses attributable to program services (the activities the organization was created to conduct and which formed the basis of its tax exemption) represented 84 percent of total expenses; salaries and wages totaling \$68 billion were the single largest component of program service expenses. Management and general expenses, relating to the overall management and functioning of the organization rather than to the direct conduct of program services or fundraising, ranked second—15 percent of total expenses. Fundraising expenses and payments to affiliates together comprised only 1 percent of total expenses. Payments to affiliates were payments to organizations closely related to the reporting agency, such as support and dues payments by local agencies to their State and national agencies.

These percentage relationships were about the same for organizations regardless of asset size, although organizations with holdings of \$10,000,000 or more accounted for 74 percent of all expenses. Organizations having assets of \$500,000 to \$1,000,000 showed the biggest increase in expenses for 1983, increasing by more than 60 percent from 1982 to almost \$8 billion.

Land, buildings and equipment accounted for the major proportion of assets held by the charitable organizations. Cash and savings accounts were the second largest component (30 percent) of the assets of organizations with total assets of less than \$1,000,000. Investments in securities

increased as asset size increased, ranging from a low of 7 percent for organizations with asset holdings of less than \$1,000,000 to 32 percent for organizations with holdings of \$50,000,000 or more.

Mortgages and other notes payable were the largest liability item, totaling \$64.2 billion for 1983, a 24-percent increase from 1982. One-third of the nonprofit charitable organizations reported liabilities of this type.

The balance sheet of a tax-exempt 501(c)(3) organization does not have an owner's equity section; earnings accrue instead to the net worth/fund balance section. Since these organizations must operate for the public good, their income and assets must be held and used to further the stated purposes of the organization. The net worth fund balance total for these organizations did increase to \$190.7 billion for 1983, up 17 percent from 1982.

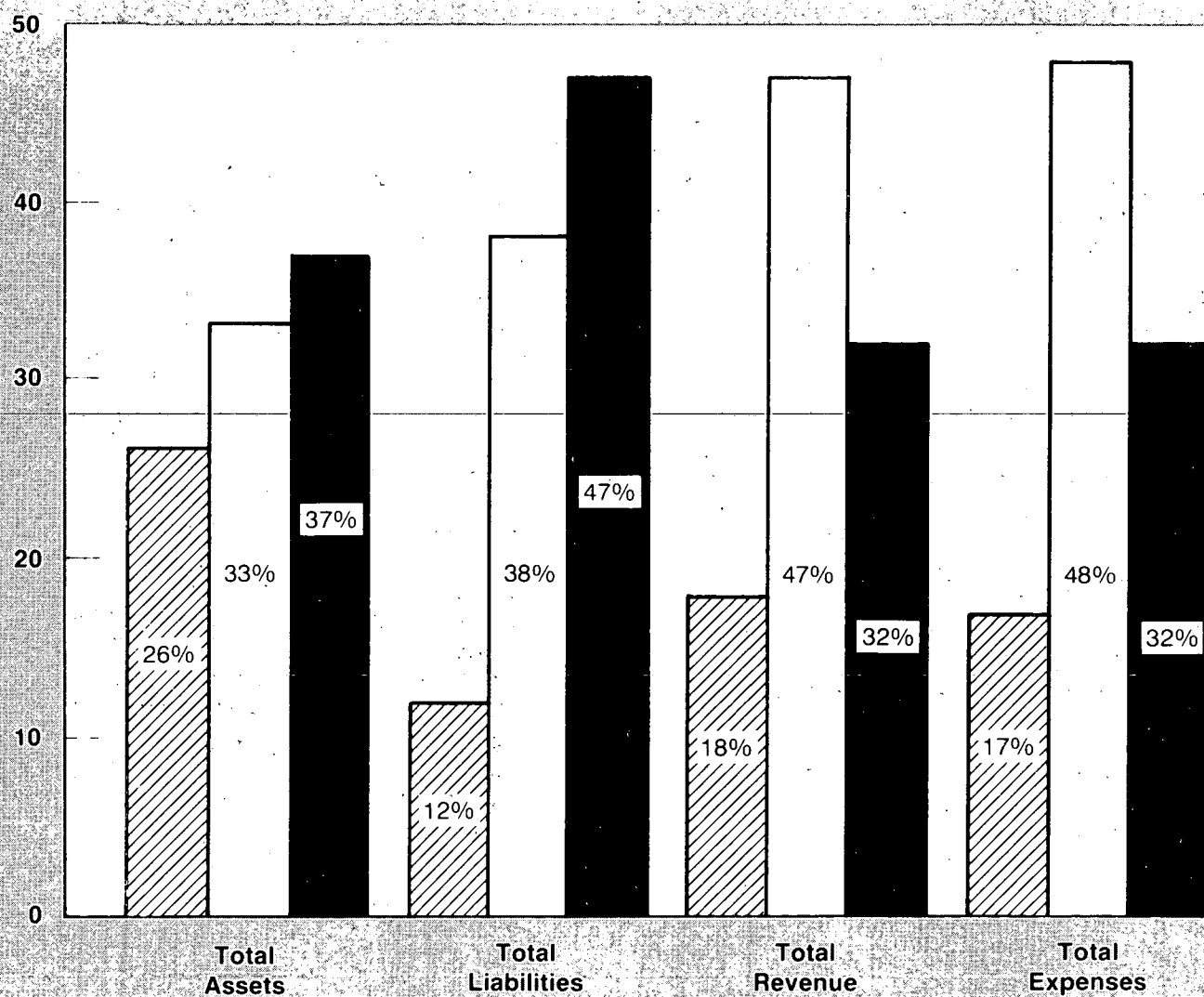
## TYPES OF ORGANIZATIONS




Figures F and G display information available on the types of nonprofit charitable organizations that filed Form 990. This information was based on the section of the return which asked an organization to supply a reason for its not being classified in the "less-favored" tax category of private foundation. (A private foundation is subject to an excise tax on investment income and to certain types of taxes for activities that are not allowed by the Internal Revenue Code because it has private sources of funding. Also, the donors to a private foundation have a generally lower limit of deductibility for contributions.)

Figure F

**Educational Institutions, Hospitals and Support Organizations as Percentages of All Nonprofit Charitable Organizations, 1983**

Percentage



 Educational Institution  
 Hospital  
 Support Organization

**Figure G.—Selected Balance Sheet and Income Statement Items, by Type of Charitable Organization, 1983**

[All figures are estimates based on samples—money amounts are in millions of dollars]

Type of organization	Total assets	Total liabilities	Total revenue	Program service revenue	Total expenses
	(1)	(2)	(3)	(4)	(5)
Total .....	\$331,227	\$140,505	\$224,048	\$147,513	\$207,532
Church or religious-affiliated organization <sup>1</sup> .....	3,900	1,145	2,273	1,297	1,994
Educational institution .....	85,841	16,598	41,076	24,192	36,312
Hospital .....	109,698	53,767	104,593	93,828	99,044
Government unit .....	1,342	411	1,481	895	1,410
Hospital research organization .....	766	168	525	190	459
Organization supporting a public college .....	4,323	959	2,138	184	1,664
Publicly-supported organization .....	70,788	29,644	55,297	17,758	51,877
Organization supporting charitable organizations .....	53,195	36,717	15,515	8,594	13,697
Organization testing for public safety .....	(2)	(2)	(2)	(2)	(2)
Type not reported .....	1,373	736	1,150	1,075	577

<sup>1</sup> Churches are not required to file a Form 990. Most of the organizations in this category either filed voluntarily or misreported their type of organization. The estimate is, therefore, not inclusive of the majority of religious organizations.

<sup>2</sup> None present in the sample.

Note: Detail may not add to total because of rounding.

Three categories—hospitals, educational institutions, and publicly-supported charities together with organizations that supported each charities—dominated the financial statistics. These organizations had \$216.5 billion in revenue and \$319.5 billion in assets, or more than 96 percent of the total revenue and total assets, respectively, for nonprofit charitable organizations.

Hospitals accounted for nearly one-half of total revenue and expenses, while publicly-supported charities and organizations that supported these charities ranked first in assets and liabilities. Examples of publicly-supported charities were the American Heart Association, Kaiser Foundation Health Plan, National Geographic Society, and United Way Organizations. Examples of organizations which supported public charities were Sisters of Mercy Health Corporation, College Retirement Equities Fund, Teachers Insurance and Annuity Association, and the National Collegiate Athletic Association.

The components of assets varied among these major types of organizations. Hospitals and educational institutions held one-half of their assets in land, buildings and equipment, with investments ranking as their second largest category of assets. The publicly-supported charities and organizations that supported these charities, in contrast, had one-half of their assets in investments and only 25 percent in land, buildings and equipment [8].

While program service revenue represented two-thirds of the combined revenue total for all nonprofit charitable organizations for 1983, this figure varied considerably by type of organization. It was the principal source of revenue for hospitals (90 percent) and schools (60 percent), but constituted

only 38 percent of the total revenue of publicly-supported charities and organizations that supported such charities. Nevertheless, this latter group of organizations registered the biggest gain in program service revenue, rising by more than \$6 billion to \$26.4 billion, a 33-percent increase from 1982. The publicly-supported charities together with organizations that supported such charities in the asset-size class of \$500,000-to-\$1,000,000 filed 71 percent more returns for 1983 and as a group reported nearly 50 percent more revenue (\$6.4 billion total) and 150 percent more program service revenue (\$1.4 billion total).

Figure H shows the contributions received by the three major types of nonprofit charitable organizations for 1983. Contributions represented 25 percent of the total revenue of schools, 43 percent of the total revenue of publicly-supported charities together with organizations that supported such charities, but only 2 percent of hospital revenue. The total direct support and Government grants components of contributions to all nonprofit charitable organizations each rose from 1982 to 1983 by \$2.8 billion, while the indirect support segment, which consisted of the contributions received indirectly from the public through solicitation campaigns conducted by fundraising organizations (such as a United Way organization), fell by 11 percent to \$4.3 billion. Publicly-supported charities together with organizations that supported such charities and educational institutions were the leading recipients of contributions, representing almost 90 percent of the total contributions to all nonprofit charitable organizations. Government grants to educational institutions rose by nearly 20 percent for 1983 and by 13 percent to publicly-supported charities together with organizations that supported such charities, while hospitals reported negligible increases [9].

**Figure H.—Contributions, by Major Type of Recipient Organization, 1983**

[Money amounts are in millions of dollars]

Type of recipient organization	Total contributions		Direct support		Indirect support		Government grants	
	Amount	Percentage change, 1982 to 1983	Amount	Percentage change, 1982 to 1983	Amount	Percentage change, 1982 to 1983	Amount	Percentage change, 1982 to 1983
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total, all charitable organizations .....	\$46,383	12.4%	\$20,130	16.4%	\$4,275	- 11.0%	\$21,978	14.6%
Educational institution .....	10,205	16.4	4,496	14.9	333	- 12.1	5,376	20.0
Hospital .....	2,541	7.9	1,501	8.6	427	17.3	613	0.3
Support <sup>1</sup> organization .....	30,304	11.4	12,273	19.0	3,264	- 15.4	14,767	13.2

<sup>1</sup> Includes publicly-supported organizations and organizations supporting charitable organizations.**SUMMARY**

Nonprofit charitable organizations reported increases in all financial items for 1983. Total revenue and expenses both rose by more than 14 percent from 1982. Revenues received from their operating programs represented the major portion of total revenue (66 percent).

Asset holdings rose by 18 percent, from \$279.6 billion to \$331.2 billion. Organizations with assets of \$10,000,000 or more accounted for three-fourths of total assets for all nonprofit charitable organizations. Land, buildings and equipment represented 38 percent of total assets due mainly to the predominance of hospitals and educational institutions.

Publicly-supported charities and organizations that supported such charities, e.g., United Way associations, Boy Scouts and Girl Scouts, YMCA's, and the American Cancer Society, led in total asset holdings and liabilities. Hospitals had the highest level of revenues.

**DATA SOURCES AND LIMITATIONS**

The statistics in this article are based on a sample of Tax Year 1983 Forms 990 filed by organizations classified under Internal Revenue Code section 501(c)(3) and having accounting periods ending December 1983 through November 1984. Forms 990-PF filed by private foundations under section 501(c)(3) were excluded. Calendar-year filers represented 44 percent of the population, while 39 percent of the noncalendar-year filers had accounting periods ending in June. The sample included 44 "group returns" [10].

The estimates of nonprofit charitable organizations were based on a random probability sample of 1983 unaudited information returns stratified by asset level. The sample was drawn from a multi-year sample frame of 105,391 organizations based on the latest return filed by each. Consequently, the sampling frame of 105,391 organizations included some whose last return filed was prior to 1983, for instance, terminated organizations and inactive organizations. A sample of 4,894 returns was drawn from the frame,

and either a 1983 return was secured or a determination was made that there was no 1983 return. (Resource constraints necessitated a small sample size.) To compensate for the fact that not all 1983 returns were secured, the sample weight was increased for the asset classes under \$10,000,000. For returns of organizations with assets of \$10,000,000 or more all of which were to be selected, prior-year returns of the same organization were substituted in some cases and a weight of slightly more than one applied. The rates in the sample design ranged from .0021 for returns with assets of less than \$500,000 to 1.00 (all returns) for returns of organizations with assets of \$10,000,000 or more. Because of the small number of returns in the sample with assets of less than \$100,000, such estimates have been pooled with other classes.

Because the data in this article are estimates based on a sample, they are subject to sampling and nonsampling error. To use the statistical data properly, the magnitude of the sampling error should be known. The size of the sampling error is estimated by the approximate coefficients of variation (CV's) as shown in Figure I. Returns with assets of \$10,000,000 or more were selected at a prescribed rate of 100 percent; therefore, this category is not subject to sampling error. The approximate CV's shown here are intended only as a general indication of the reliability of the data. For a number other than those shown below, the corresponding CV's can be estimated by interpolation.

**Figure I.—Coefficient of Variation for Number of Returns Determined for Specified Asset Size Classes**

Coefficient of variation	Size of total assets		
	Under \$500,000 <sup>1</sup>	\$500,000 under \$2,500,000	\$2,500,000 under \$10,000,000
	(1)	(2)	(3)
0.020 .....	—	17,900	7,500
0.050 .....	54,500	13,800	5,700
0.075 .....	41,200	10,300	4,200
0.100 .....	30,700	7,600	3,100
0.150 .....	17,800	4,400	1,700
0.200 .....	11,200	2,700	1,100
0.250 .....	7,600	1,800	700

<sup>1</sup> Includes returns with no assets or unreported assets.

## NOTES AND REFERENCES

- [1] See "Data Sources and Limitations" section of this article for a description of accounting periods included in the 1983 study.
- [2] Heuchan, Laura M., "Nonprofit Charitable Organizations, 1982," *Statistics of Income Bulletin*, Winter 1985-86, Volume 5, Number 3, pp. 21-40.
- [3] See Riley, Margaret, "A Private Foundation Profile for 1983," *Statistics of Income Bulletin*, Winter 1986-87, Volume 6, Number 3, pp. 11-24.
- [4] National Council of the Churches of Christ in the United States of America, *Yearbook of American and Canadian Churches*, New York, NY: 1983.
- [5] The total number of organizations from the Internal Revenue Service Exempt Organizations Business Master File, Monthly Exempt Organizations Statistical Summary, unpublished tables.
- [6] All inflation-adjusted figures cited in this article were derived using the Gross National Product Implicit Price Deflator, 1982 = 100, calculated by the U.S. Department of Commerce, Bureau of Economic Analysis. For discussions of the deflator, see U. S. Department of Commerce, *Survey of Current Business*, U.S. Government Printing Office, April 1987, Volume 66, Number 4.
- [7] A statistical study of the business income unrelated to the organization's exempt purpose (from the Form 990-T) is planned for Tax Year 1987.
- [8] See Skelly, Daniel F., "Focus on Nonprofit Charitable Organizations, 1982," *Statistics of Income and Related Administrative Research: 1986*, U.S. Department of the Treasury, Internal Revenue Service, 1986.
- [9] See Sullivan, John, and Coleman, Michael, "Nonprofit Organizations, 1975-1978," *Statistics of Income Bulletin*, Fall 1981, Volume 1, Number 2, pp. 6-38.
- [10] A parent organization could file a return for affiliated organizations that were subject to the parent's control and were tax-exempt under a current group exemption letter. All the organizations on a group return had to have the same accounting period.

## Nonprofit Charitable Organizations, 1983

Table 1.—Returns of Tax-Exempt Section 501(C)(3) Organizations: Selected Income and Balance Sheet Items, by Size of Total Assets, 1983<sup>1</sup>

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Items	Total	Size of total assets					
		Under \$100,000 <sup>2</sup>	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Returns of Section 501(C)(3) organizations <sup>1</sup>	89,052	34,650	23,625	10,574	15,433	3,653	1,113
Total assets	331,226,616	1,153,191	4,650,584	7,236,697	53,026,851	84,167,245	180,992,045
Cash (non-interest bearing):							
Number of returns	79,337	31,500	21,000	9,172	13,605	3,108	948
Amount	5,177,582	195,694	400,769	403,850	915,662	1,279,372	1,982,232
Savings and temporary cash investments:							
Number of returns	61,780	19,425	17,850	8,408	12,260	2,970	864
Amount	28,430,078	435,277	1,138,774	1,265,268	6,300,457	7,205,393	12,084,906
Accounts receivable (net):							
Number of returns	40,887	7,350	11,550	6,497	11,190	3,251	1,047
Amount	23,580,826	58,648	432,236	528,488	3,155,484	7,708,455	11,697,512
Pledges receivable (net):							
Number of returns	5,175	525	525	509	2,562	763	289
Amount	3,875,209	*68,113	*35,263	81,074	1,308,796	1,318,098	1,063,861
Grants receivable:							
Number of returns	8,024	3,150	1,575	1,146	1,498	436	218
Amount	2,167,786	*40,210	*163,792	149,968	938,060	379,018	496,735
Receivables due from officers, directors, trustees and key employees:							
Number of returns	2,651	525	1,050	127	685	178	84
Amount	212,643	*348	*5,122	1,420	5,689	60,607	139,455
Other notes and loans receivable (net):							
Number of returns	12,205	2,100	2,100	2,038	3,810	1,561	594
Amount	6,276,645	*5,892	*38,919	118,101	685,741	1,938,135	3,489,854
Inventories for sale or use:							
Number of returns	20,134	2,625	5,775	2,548	5,582	2,666	937
Amount	3,152,735	*10,777	156,899	84,621	626,050	1,065,942	1,208,443
Prepaid expenses and deferred charges:							
Number of returns	33,272	7,350	8,925	4,331	9,008	2,760	896
Amount	2,272,661	17,704	62,026	49,309	391,886	659,111	1,092,621
Investments—securities:							
Number of returns	17,138	2,100	2,100	2,548	7,105	2,467	817
Amount	82,034,330	*48,461	*206,829	677,998	8,319,665	14,309,651	58,471,722
Investments—land, buildings and equipment (minus accumulated depreciation):							
Number of returns	9,429	2,625	3,150	382	2,285	713	273
Amount	7,445,320	*15,732	*218,099	194,651	1,591,968	1,751,594	3,673,272
Investments—other:							
Number of returns	8,659	525	2,100	1,401	2,867	1,254	511
Amount	19,947,679	*5,633	*99,318	210,882	1,539,439	3,235,204	14,857,201
Land, buildings, and equipment (minus accumulated depreciation):							
Number of returns	50,190	10,500	14,175	8,281	12,867	3,328	1,037
Amount	127,187,031	219,556	1,538,580	3,180,313	24,616,003	38,096,358	59,536,220
Other assets:							
Number of returns	40,460	9,450	10,500	7,516	9,160	2,895	938
Amount	19,466,086	31,135	153,953	290,747	2,631,944	5,160,300	11,198,006
Total liabilities	140,505,336	705,415	1,313,774	2,215,040	21,338,092	32,383,454	82,549,558
Accounts payable and accrued expenses:							
Number of returns	59,819	17,325	16,800	7,644	13,528	3,436	1,084
Amount	18,048,125	322,069	404,265	613,239	2,786,716	5,355,720	8,566,113
Grants payable:							
Number of returns	3,970	1,050	525	509	1,551	249	84
Amount	2,344,597	*283	*62,899	55,975	535,480	655,497	1,034,460
Support and revenue designated for future periods:							
Number of returns	12,409	2,625	3,675	1,656	3,656	615	180
Amount	4,304,999	*26,486	*232,819	159,648	1,474,061	1,351,140	1,060,842
Loans from officers, directors, trustees and key employees:							
Number of returns	2,832	1,050	1,575	—	151	47	08
Amount	219,657	*40,367	*23,888	—	9,167	96,282	49,952
Mortgages and other notes payable:							
Number of returns	29,808	4,725	7,875	4,713	8,931	2,661	901
Amount	64,229,778	*215,930	464,167	974,342	13,986,132	18,346,086	30,243,117
Other liabilities:							
Number of returns	34,556	8,925	7,875	5,350	8,702	2,767	934
Amount	51,358,177	100,276	125,733	411,834	2,546,534	6,578,725	41,595,072
Total fund balances/net worth:							
Number of returns	88,346	34,125	23,625	10,574	15,255	3,653	1,110
Amount	190,721,279	447,775	3,336,810	5,021,657	31,688,758	51,783,790	98,442,487
Total liabilities and fund balances/net worth:							
Number of returns	88,527	34,125	23,625	10,574	15,433	3,653	1,113
Amount	331,226,616	1,153,191	4,650,584	7,236,697	53,026,851	84,167,245	180,992,045
Total revenue	224,047,813	5,068,114	8,502,146	8,236,211	35,623,820	63,070,897	103,546,621
Total contributions	46,382,698	3,316,005	4,509,542	5,241,078	10,731,424	9,798,114	12,786,531
Contributions, gifts and grants received through direct public support:							
Number of returns	66,942	23,100	19,950	8,281	11,599	3,071	939
Amount	20,129,939	1,147,050	1,127,948	1,547,264	4,872,385	5,763,076	5,672,213
Contributions, gifts and grants received through indirect public support:							
Number of returns	15,392	2,625	4,725	3,057	4,065	675	243
Amount	4,275,000	*31,241	*458,197	332,855	1,189,028	1,213,939	1,049,738
Contributions, gifts and grants received through government grants:							
Number of returns	24,897	8,400	7,350	3,312	4,010	1,313	511
Amount	21,977,758	2,137,712	2,923,396	3,360,959	4,670,010	2,821,099	6,064,579

Footnotes at end of table.

# Nonprofit Charitable Organizations, 1983

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**Table 1.—Returns of Tax-Exempt 501(C)(3) Organizations: Selected Income and Balance Sheet Items, by Size of Total Assets, 1983<sup>1</sup>—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Items	Total	Size of total assets					
		Under \$100,000 <sup>2</sup>	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Program service revenue:							
Number of returns	55,415	19,950	14,700	5,860	10,885	3,030	987
Amount	147,513,210	1,046,302	2,914,868	2,195,381	19,737,934	46,000,197	75,618,524
Membership dues and assessments:							
Number of returns	22,211	11,550	4,725	2,420	3,074	358	82
Amount	3,116,177	323,735	*441,229	169,624	718,332	753,093	710,160
Interest on savings and temporary cash investments:							
Number of returns	64,513	22,050	17,325	9,045	12,361	2,872	857
Amount	3,845,825	47,630	118,204	139,175	764,087	1,054,705	1,722,021
Dividends and interest from securities:							
Number of returns	17,092	2,625	4,200	2,675	4,995	1,940	655
Amount	5,858,805	*7,470	*28,945	58,652	685,613	1,072,139	4,005,984
Gross rents:							
Number of returns	14,396	2,625	3,150	2,420	4,413	1,299	487
Amount	1,664,265	*160,500	*33,886	107,698	718,053	216,096	428,028
Rental expenses:							
Number of returns	6,200	1,575	1,050	637	1,951	687	299
Amount	980,468	*98,115	*27,108	113,613	392,170	127,916	221,543
Net rental income (loss):							
Number of returns	14,388	2,625	3,150	2,420	4,413	1,296	483
Amount	683,795	*62,384	*6,777	-5,914	325,883	88,180	206,484
Other investment income:							
Number of returns	3,218	525	—	509	1,573	422	187
Amount	1,146,903	*738	—	43,224	66,033	103,882	933,024
Gross amount from sale of assets—securities:							
Number of returns	8,132	525	1,050	1,401	3,397	1,302	454
Amount	36,949,396	*17,629	*31,738	200,205	1,895,766	6,683,284	28,120,772
Cost or other basis and sales expenses—securities:							
Number of returns	7,232	525	525	1,274	3,347	1,154	405
Amount	34,228,518	*12,362	*30,896	166,933	1,698,019	6,261,865	26,058,441
Gain (loss)—securities:							
Number of returns	8,000	525	1,050	1,274	3,397	1,297	455
Amount	2,720,877	*5,267	*841	33,271	197,747	421,419	2,062,330
Gross amount from sale of other assets:							
Number of returns	7,164	525	2,100	1,019	2,131	981	406
Amount	1,123,463	*735	*24,267	48,059	109,997	406,661	533,741
Cost or other basis and sales expenses—other assets:							
Number of returns	4,423	—	1,050	637	1,676	744	315
Amount	694,294	—	*10,307	66,419	37,908	262,634	317,023
Gain (loss)—other assets:							
Number of returns	6,533	525	1,575	891	2,131	1,000	410
Amount	429,169	*735	*13,960	-18,360	72,088	144,027	216,718
Total gain (loss) from sale of assets:							
Number of returns	13,123	1,050	2,625	2,038	4,767	1,936	705
Amount	3,150,047	*6,002	*14,801	14,911	269,835	565,446	2,279,049
Gross revenue—special fundraising events:							
Number of returns	18,583	8,925	5,250	2,038	2,006	281	81
Amount	1,893,932	300,190	338,035	206,317	795,800	116,121	137,466
Direct expenses:							
Number of returns	15,640	7,350	4,725	1,401	1,854	236	72
Amount	917,254	195,903	*139,731	118,328	391,007	42,252	30,030
Net income (loss):							
Number of returns	18,697	8,925	5,250	2,038	2,133	272	77
Amount	976,677	104,286	198,304	87,988	404,793	73,868	107,436
Gross sales minus returns and allowances:							
Number of returns	16,400	3,675	7,875	1,274	2,463	814	297
Amount	8,059,851	*123,592	403,298	46,592	1,600,627	2,910,170	2,975,569
Cost of goods sold:							
Number of returns	14,597	3,675	6,825	1,146	1,955	719	275
Amount	3,197,772	*104,155	263,304	32,863	578,363	1,019,944	1,199,139
Gross profit (loss):							
Number of returns	16,400	3,675	7,875	1,274	2,463	813	298
Amount	4,862,079	*19,436	139,993	13,729	1,022,263	1,890,225	1,776,430
Other revenue:							
Number of returns	46,706	14,700	13,650	5,733	9,186	2,615	820
Amount	6,511,592	134,118	129,478	278,359	897,618	1,671,043	3,400,972
Total expenses	207,531,660	5,189,809	7,892,137	7,991,643	33,201,583	58,417,329	94,839,157
Program services:							
Number of returns	82,674	31,500	22,050	10,319	14,214	3,509	1,079
Amount	173,579,388	4,339,823	6,106,422	6,727,988	27,154,303	47,992,308	81,258,542
Management and general:							
Number of returns	74,500	28,350	19,425	9,172	13,530	3,072	947
Amount	31,780,544	706,129	1,656,739	1,188,198	5,600,986	9,706,650	12,921,839
Fundraising:							
Number of returns	23,902	6,825	6,825	3,185	5,078	1,476	512
Amount	1,779,220	124,637	74,659	74,835	423,028	542,005	540,053
Payments to affiliates:							
Number of returns	3,951	1,575	1,575	127	533	101	38
Amount	392,507	*19,217	*54,315	620	23,264	176,365	118,722

<sup>1</sup>Excluding Private Foundations.

<sup>2</sup>Includes zero assets or not reported.

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

Note.—Detail may not add to total because of rounding.

## Nonprofit Charitable Organizations, 1983

Table 2.—Returns of Tax-Exempt Section 501(C)(3) Organizations: Selected Income and Balance Sheet Items, by State, 1983<sup>1</sup>

[All figures are estimates based on samples—money amounts are in thousands of dollars]

State	Number of returns	Total receipts	Selected receipts							
			Total contributions received		Direct public support		Indirect public support		Government grants	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
United States, total	89,052	224,047,813	72,434	46,382,698	66,942	20,129,939	15,392	4,275,000	24,897	21,977,758
Alabama	332	1,743,502	321	350,313	192	136,143	113	27,569	194	186,601
Alaska	56	174,130	56	149,836	55	125,642	—	—	5	24,194
Arizona	464	1,278,182	456	380,271	455	368,504	5	8,086	7	3,680
Arkansas	1,036	1,393,006	506	340,618	504	95,852	132	35,693	134	209,073
California	10,716	23,807,773	8,367	5,008,655	7,359	2,499,316	931	661,540	2,714	1,847,798
Colorado	366	2,269,534	354	349,153	174	186,540	262	19,213	69	143,400
Connecticut	1,025	4,339,212	1,020	509,292	1,017	441,453	66	21,807	44	46,032
Delaware	22	607,811	18	36,463	18	33,076	4	1,497	9	1,890
Florida	2,776	6,242,421	2,623	1,743,758	2,613	478,689	671	78,542	1,352	1,186,527
Georgia	1,295	3,432,157	1,280	819,764	1,278	356,796	496	64,580	283	398,389
Hawaii	404	709,594	147	134,766	146	41,069	3	5,281	135	88,416
Idaho	138	581,739	136	375,444	135	49,211	2	119	133	326,114
Illinois	3,898	15,045,895	3,456	3,936,812	3,397	1,065,007	1,403	487,475	2,026	2,384,329
Indiana	2,465	4,902,977	2,318	911,370	1,260	258,235	549	8,448	1,628	644,687
Iowa	943	1,629,875	941	301,917	940	143,046	188	11,078	86	147,792
Kansas	569	1,370,479	566	244,714	566	112,799	6	644	547	131,271
Kentucky	1,044	1,927,510	859	264,338	331	134,198	62	10,811	602	119,329
Louisiana	740	2,167,734	734	739,243	605	255,314	5	8,173	663	475,756
Maine	553	744,929	552	38,157	551	20,528	531	12,637	13	4,992
Maryland (incl. D.C.)	4,235	8,658,379	1,895	2,214,975	1,834	823,282	154	266,227	440	1,125,466
Massachusetts	4,611	11,964,830	3,024	4,008,089	3,015	1,233,181	328	56,073	1,741	2,718,834
Michigan	2,475	7,698,572	2,313	608,610	1,728	354,937	349	51,014	575	202,659
Minnesota	1,578	3,231,929	1,041	787,525	1,040	342,621	147	115,447	290	329,458
Mississippi	737	1,371,163	731	131,473	724	49,340	529	33,813	193	48,319
Missouri	2,495	5,372,798	1,302	1,100,645	1,296	461,335	251	79,490	317	559,820
Montana	16	320,154	13	7,001	13	4,876	3	502	6	1,624
Nebraska	161	871,698	30	83,815	27	65,616	10	5,976	13	12,224
Nevada	105	407,183	105	16,474	105	14,568	51	1,906	—	—
New Hampshire	334	816,986	333	119,947	332	114,137	131	1,405	8	4,404
New Jersey	3,261	6,904,926	2,972	1,071,305	2,967	386,579	1,164	204,883	1,118	479,844
New Mexico	17	461,377	12	16,325	11	9,380	3	2,149	4	4,797
New York	9,942	31,261,534	8,167	6,345,557	7,715	3,153,120	1,106	1,009,377	4,469	2,183,059
North Carolina	1,875	4,517,106	1,868	1,322,948	1,737	606,532	677	155,856	883	560,560
North Dakota	18	592,257	16	12,806	14	11,517	1	715	3	574
Ohio	4,380	10,715,207	4,185	2,403,923	3,518	696,549	1,151	248,477	1,057	1,458,896
Oklahoma	1,215	2,060,013	898	329,863	897	215,897	5	3,074	62	110,893
Oregon	2,630	2,228,782	2,442	277,117	2,313	225,482	259	21,444	142	30,190
Pennsylvania	5,226	18,558,118	4,237	2,279,166	4,221	1,310,764	831	119,727	1,121	848,676
Rhode Island	1,131	1,200,180	1,129	171,929	1,125	102,634	8	55,646	14	13,649
South Carolina	94	958,215	88	118,425	85	79,460	60	15,587	14	23,378
South Dakota	449	830,790	448	33,258	448	26,503	127	4,616	6	2,139
Tennessee	1,636	3,038,715	1,496	542,633	1,494	345,354	669	83,373	27	113,905
Texas	5,664	9,288,256	4,201	2,276,545	4,063	1,475,379	989	124,633	1,291	676,533
Utah	7	761,198	3	24,207	3	23,976	1	28	1	203
Vermont	192	381,281	191	21,249	191	17,418	2	74	9	3,758
Virginia	1,648	4,043,076	1,637	750,078	1,633	559,565	29	37,706	213	152,807
Washington	1,812	2,778,004	757	185,307	755	127,621	144	13,122	28	44,564
West Virginia	740	1,136,375	736	182,270	607	24,720	56	14,874	141	142,676
Wisconsin	1,448	3,652,786	1,391	276,139	1,385	201,068	719	54,751	27	20,320
Wyoming	3	9,522	2	2,613	2	2,578	—	—	1	35
Foreign <sup>2</sup>	74	3,587,941	61	2,025,597	46	262,533	9	29,840	40	1,733,224

Footnote(s) at end of table.

**Nonprofit Charitable Organizations, 1983**

**41**

**Table 2.—Returns of Tax-Exempt 501(C)(3) Organizations: Selected Income and Balance Sheet Items, by State, 1983<sup>1</sup>—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

State	Selected receipts — Continued				Selected expenses				
	Program service revenue		Membership dues and assessments		Total expenses	Program service		Fundraising	
	Number of returns	Amount	Number of returns	Amount		Number of returns	Amount	Number of returns	Amount
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
<b>United States, total</b>	<b>55,415</b>	<b>147,513,210</b>	<b>22,211</b>	<b>3,116,177</b>	<b>207,531,660</b>	<b>82,674</b>	<b>173,579,388</b>	<b>23,902</b>	<b>1,779,220</b>
Alabama	321	1,096,379	106	40,735	1,645,926	326	1,253,528	69	7,154
Alaska	5	10,603	2	4	123,492	56	100,637	54	6,004
Arizona	328	678,842	129	7,598	1,201,659	461	1,036,582	182	19,885
Arkansas	1,035	956,984	2	1	1,321,942	1,036	1,062,772	184	9,925
California	4,812	16,403,996	3,215	536,556	22,141,004	9,414	18,368,434	2,700	197,227
Colorado	227	1,696,029	10	44,646	2,081,865	364	1,809,134	148	24,627
Connecticut	762	3,388,584	538	42,297	4,006,251	1,022	3,325,985	418	36,842
Delaware	17	403,346	4	4,758	538,505	21	444,424	8	1,902
Florida	2,321	3,694,185	536	13,870	5,705,518	2,769	4,594,525	428	23,578
Georgia	1,097	2,077,902	656	54,584	3,060,264	1,293	2,574,091	365	27,271
Hawaii	146	367,988	1	472	644,089	277	450,656	138	2,309
Idaho	11	196,178	—	—	625,919	138	586,410	7	826
Illinois	2,579	9,117,902	312	350,071	14,008,658	3,767	11,999,472	2,037	160,206
Indiana	1,401	3,465,024	13	49,630	4,619,831	2,462	4,009,635	93	17,197
Iowa	409	1,131,891	259	53,567	1,506,160	942	1,184,918	29	9,365
Kansas	567	1,019,144	5	670	1,205,260	569	1,015,147	23	4,994
Kentucky	329	1,440,129	530	3,356	1,745,856	514	1,453,981	124	13,593
Louisiana	555	1,273,267	1	(?)	1,965,034	210	1,351,705	60	12,321
Maine	27	658,772	—	—	683,487	24	552,496	8	2,854
Maryland (incl. D.C.)	2,745	4,625,425	2,482	668,227	7,898,968	3,654	6,706,662	115	51,942
Massachusetts	2,720	6,756,808	775	26,095	11,184,370	4,477	9,644,064	581	113,995
Michigan	1,932	6,265,246	276	140,416	7,302,396	2,472	5,604,588	838	31,114
Minnesota	915	2,103,172	661	26,768	2,978,875	1,578	2,662,219	301	25,326
Mississippi	77	1,099,840	127	1,651	1,261,329	736	1,132,030	7	1,615
Missouri	1,707	3,624,564	185	60,511	4,869,968	2,491	4,208,623	294	20,967
Montana	15	286,710	2	2,891	292,562	16	246,891	7	1,178
Nebraska	29	644,159	3	1,353	752,988	34	612,777	17	11,033
Nevada	105	319,771	1	11	426,027	105	398,743	52	397
New Hampshire	206	620,897	127	3,042	721,083	333	563,499	193	12,372
New Jersey	2,582	4,683,495	1,195	98,745	6,619,753	3,103	5,009,994	1,236	56,428
New Mexico	10	260,278	—	—	415,832	15	330,994	3	430
New York	6,591	18,020,630	3,319	395,779	29,728,616	9,280	26,039,912	3,974	383,687
North Carolina	1,557	2,855,451	3	54	4,024,172	1,824	3,621,775	272	24,195
North Dakota	18	564,675	—	—	567,952	17	473,192	3	342
Ohio	2,190	7,255,811	602	95,430	9,803,391	3,323	7,962,651	1,330	35,830
Oklahoma	260	1,338,148	7	2,610	1,852,594	1,157	1,481,366	18	7,767
Oregon	1,571	1,773,969	130	3,377	2,158,947	2,628	1,710,544	589	24,388
Pennsylvania	3,623	14,806,805	1,337	31,531	17,525,400	5,165	15,047,432	1,823	168,170
Rhode Island	602	800,976	579	45,715	1,049,204	1,131	918,571	538	5,954
South Carolina	87	681,636	53	21,427	848,504	93	662,555	20	3,554
South Dakota	449	753,357	255	21,867	781,324	449	681,383	3	1,079
Tennessee	1,624	2,128,405	526	6,018	2,640,798	1,632	2,265,613	942	27,918
Texas	3,682	5,445,599	1,501	141,474	8,097,052	5,396	6,375,619	1,386	80,929
Utah	3	526,942	—	—	670,734	4	609,632	1	554
Vermont	192	327,588	1	34	348,812	192	279,872	7	2,025
Virginia	577	2,707,894	662	22,162	3,550,618	1,644	2,786,262	424	61,702
Washington	1,279	2,390,689	132	3,223	2,582,718	1,809	2,156,186	1,077	11,567
West Virginia	208	769,554	577	9,361	1,059,785	737	938,902	536	5,753
Wisconsin	865	2,976,303	361	20,547	3,387,706	1,446	2,848,612	214	11,084
Wyoming	3	2,956	—	—	6,678	3	5,082	1	249
<sup>1</sup> Foreign <sup>2</sup>	43	1,018,312	11	63,044	3,292,009	64	2,418,612	22	17,594

<sup>1</sup>Footnote(s) at end of table.

## Nonprofit Charitable Organizations, 1983

Table 2.—Returns of Tax-Exempt 501(C)(3) Organizations: Selected Income and Balance Sheet Items, by State, 1983<sup>1</sup>—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

	Information items				
	Total assets		Total liabilities	Total fund balances/net worth	
	Number of returns	Amount		Number of returns	Amount
	(20)	(21)	(22)	(23)	(24)
United States, total .....	88,527	331,226,616	140,505,336	88,346	190,721,279
Alabama .....	332	2,725,349	1,033,919	332	1,691,430
Alaska .....	56	319,112	157,379	56	161,733
Arizona .....	464	2,051,022	1,292,920	464	758,101
Arkansas .....	1,036	1,993,054	798,116	1,036	1,194,938
California .....	10,716	27,121,085	10,934,995	10,665	16,186,090
Colorado .....	366	3,030,822	973,493	366	2,057,329
Connecticut .....	1,025	7,278,770	1,512,186	1,025	5,766,584
Delaware .....	22	1,428,852	331,418	22	1,097,433
Florida .....	2,776	8,929,773	3,456,005	2,776	5,473,768
Georgia .....	1,295	5,707,726	1,516,242	1,295	4,191,484
Hawaii .....	404	1,722,129	555,862	404	1,166,268
Idaho .....	138	488,164	146,704	138	341,460
Illinois .....	3,898	17,581,022	6,652,964	3,898	10,928,058
Indiana .....	2,465	6,712,987	2,845,399	2,465	3,867,588
Iowa .....	943	2,813,495	1,191,372	943	1,622,122
Kansas .....	569	1,640,044	576,281	569	1,063,763
Kentucky .....	1,044	3,620,074	1,348,101	1,044	2,271,973
Louisiana .....	740	2,895,787	1,208,255	740	1,687,533
Maine .....	553	1,019,329	359,828	553	659,501
Maryland (Incl. D.C.) .....	4,235	11,654,422	4,572,550	4,235	7,081,872
Massachusetts .....	4,611	18,440,159	5,523,179	4,611	12,916,980
Michigan .....	2,475	9,123,174	4,152,505	2,475	4,970,669
Minnesota .....	1,578	4,534,977	1,945,596	1,578	2,589,381
Mississippi .....	737	1,681,617	554,734	737	1,126,883
Missouri .....	2,495	7,891,587	2,851,233	2,495	5,040,354
Montana .....	16	411,434	213,538	16	197,896
Nebraska .....	161	2,058,016	682,820	161	1,375,196
Nevada .....	105	722,130	310,828	105	411,302
New Hampshire .....	334	1,546,470	481,769	334	1,064,701
New Jersey .....	3,261	10,979,120	5,020,382	3,261	5,958,738
New Mexico .....	17	786,504	413,832	17	372,672
New York .....	9,417	62,635,012	42,479,369	9,414	20,155,643
North Carolina .....	1,875	6,449,695	1,777,803	1,747	4,671,892
North Dakota .....	18	684,448	410,638	18	273,810
Ohio .....	4,380	14,075,206	5,514,088	4,380	8,561,118
Oklahoma .....	1,215	4,447,272	1,165,937	1,215	3,281,335
Oregon .....	2,630	2,656,739	1,210,973	2,630	1,445,765
Pennsylvania .....	5,226	22,117,923	8,053,944	5,226	14,063,979
Rhode Island .....	1,131	1,943,204	613,366	1,131	1,329,839
South Carolina .....	94	1,628,914	610,194	94	1,018,720
South Dakota .....	449	1,449,991	836,981	449	613,010
Tennessee .....	1,636	4,398,345	1,362,215	1,636	3,036,130
Texas .....	5,664	14,486,624	5,061,925	5,664	9,424,699
Utah .....	7	1,231,472	426,311	7	805,161
Vermont .....	192	858,929	272,426	192	586,502
Virginia .....	1,648	6,278,357	1,787,646	1,648	4,490,711
Washington .....	1,812	3,569,329	1,517,961	1,812	2,051,368
West Virginia .....	740	1,500,049	545,311	740	954,737
Wisconsin .....	1,448	5,965,921	2,082,896	1,448	3,883,025
Wyoming .....	3	77,452	41,660	3	35,792
Foreign <sup>3</sup> .....	74	5,863,627	1,119,283	74	4,744,244

<sup>1</sup>Excluding Private Foundations.<sup>2</sup>Less than \$500.

Notes: Detail may not add to total because of rounding.

<sup>3</sup>Includes entities organized outside the United States that have received tax-exempt recognition under Internal Revenue Code section 501(c)(3) and that conduct part of their activities in the United States.

# Private Activity Tax-Exempt Bonds, 1985

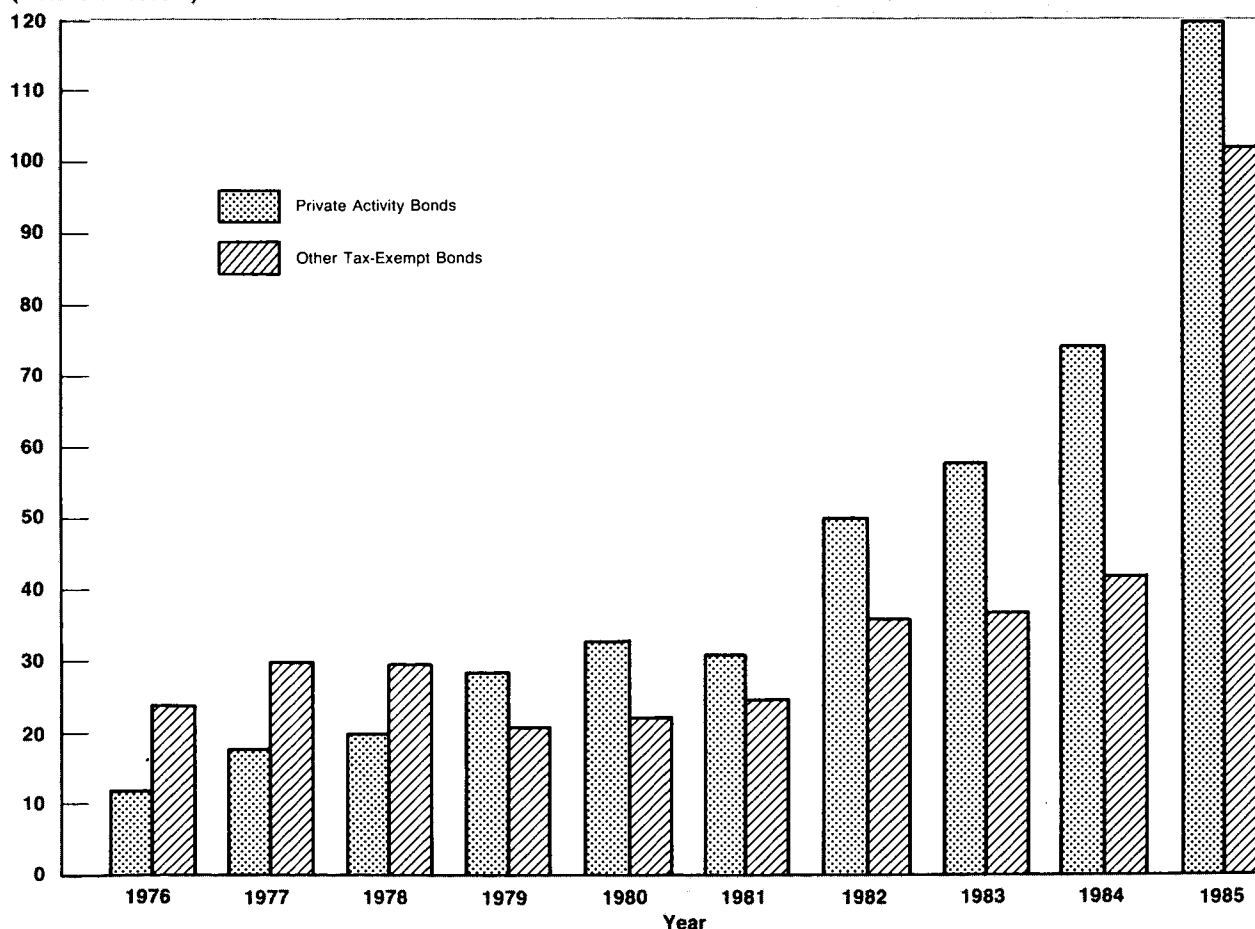
By Phil Clark\*

Continuing a trend observable throughout the 1980's, the dollar volume of long-term private activity tax-exempt bonds issued in 1985 increased to \$119.4 billion [1]. This represents an increase of over 61 percent from 1984, and a ninefold increase over the last 10 years. These bonds, which were issued for the direct benefit of private businesses, organizations, and individuals, accounted for 54 percent of the total long-term tax-exempt bond volume in 1985 [2]. Interestingly, despite the large increase in dollar volume, the percentage of the long-term bond market accounted for by private activity bonds dropped slightly from its 64 percent share in 1984. The relative decline in private activity bonds compared to public-purpose bonds resulted from an unprecedented jump in the volume of public-purpose tax-exempt bonds in 1985, which in turn was due to

uncertainty about the direction of pending tax legislation. The growth of both private activity and public-purpose bond volume is illustrated in Figure A.

This article provides information on four types of private activity bonds: industrial development bonds (IDB's), private exempt entity bonds, student loan bonds, and qualified mortgage bonds. Since 1983, issuers of the first three types of private activity bonds were required to file detailed information reports with the Internal Revenue Service (IRS), providing data on the types and uses of those bonds. The U.S. Congress, as part of the Deficit Reduction Act of 1984, extended the reporting requirement to qualified mortgage bonds issued in 1985 or later. Each of these bond types is described in the Definitions section of this article.

Figure A  
**Long-Term Tax-Exempt Bond Volume, 1976-1985**  
(Billions of Dollars)



\*Foreign Special Projects Section. Prepared under the direction of Michael Alexander, Chief.

During the 3-year reporting period, the total long-term volume of private activity bonds (including mortgage bonds) increased from \$57.1 billion to \$119.4 billion. Prior to 1985, the largest category of private activity bond (by volume) was that of IDB's issued for private businesses under the small-issue exemption. In 1985, however, small-issue IDB's ranked a distant third in volume, at \$17.7 billion. The highest volume of private activity bonds was attributable to private exempt entity bonds (issued for certain medical and educational facilities), which amounted to \$38.2 billion, and IDB's issued to fund multi-family rental housing, which amounted to \$25.0 billion.

Short- and long-term private activity bond volume issued in 1985 totaled \$127.6 billion. Of that total, \$99.4 billion was new issue volume. New issue volume is defined as the purchase price of a bond less any portion of the proceeds used to retire existing obligations. Thus new issue volume represents the net increase in outstanding obligations (excluding non-refunded retirements). New issue volume reached its highest levels ever in 1985, increasing by about 50 percent from 1984 to 1985, and nearly doubling during the 3-year period from 1983 to 1985. The most dramatic gains were shown by private exempt entity bonds (which nearly tripled in volume from 1984 to 1985) and multi-family rental housing bonds (which more than quadrupled). Figure B shows the new issue volume for the various types of private activity bonds over the 3-year reporting period [3].

## BACKGROUND

The Federal income tax exemption for interest on State and local bonds was originally intended to provide a subsidy for Government projects, such as highways, by enabling State and local Governments to obtain funding at lower interest costs. As these bonds began to be issued increasingly for nongovernment uses, the Federal Government was prompted to re-examine its policies in this area. Private-purpose bonds serve a legitimate purpose by allow-

ing State and local Governments to promote economic development and housing in their jurisdictions while incurring little or no costs themselves. Nevertheless, these bonds shift investment dollars away from other revenue-producing alternatives, which results in a significant loss of Federal tax revenue.

It is estimated that the exemption from taxation of the interest from private-purpose bonds issued in 1985 alone will result in revenue losses amounting to \$58 billion over the term of the bonds [4]. This revenue loss is, in effect, the cost of a Federal subsidy for State and local activities. Recent studies, however, suggest that this may not be the most efficient method of promoting these activities.

The savings in interest costs to the bond-issuing State or local authority is believed to be less than the revenue loss to the Federal Government [5]. The difference goes not to the targeted activity, but to Federal taxpayers (usually those in the upper income brackets) or other entities who hold the bonds. As a point of comparison, grants-in-aid, another common Federal subsidy for State and local activity, are more efficient, with only a small fraction of the subsidy going to administrative costs.

In addition to the loss of Federal tax revenue, the use of tax-exempt bonds for private purposes may also have other undesirable effects. By increasing the total supply of tax-exempt obligations, the proliferation of private activity bonds causes interest rates on all tax-exempt instruments to rise in order to attract potential investors. These higher interest rates raise the cost of financing traditional Government activities such as constructing schools, roads, and sewers [6].

Concern over these issues, coupled with the dramatic increase in private activity bond volume, prompted the U.S. Congress to place a number of limitations on such bonds in the 1980's. Originally, the Tax Equity and Fiscal Responsibility Act of 1982 required issuers of IDB's, private exempt entity bonds, and student loan bonds to file a report with the

**Figure B.—New Issue Private Activity Bond Volume, 1983-85**

[Millions of dollars]

Type of bond	New issue volume			Percentage change, 1983-1985
	1983	1984	1985	
	(1)	(2)	(3)	
Total	\$49,910	\$65,816	\$99,404	99.2%
Student loan bonds	3,086	1,370	2,822	-8.5
Private exempt entity bonds	8,202	9,037	26,081	218.0
Qualified mortgage bond <sup>1</sup>	10,800	13,900	13,446	24.5
Industrial development bonds, total	27,823	41,509	57,056	105.1
Small issue	13,791	16,967	16,493	19.6
Multi-family rental housing	5,349	5,346	24,756	362.8
Airports, docks, etc.	2,109	3,713	3,538	67.8
Sewage and waste disposal	1,442	6,314	5,107	254.2
Pollution control	3,411	7,599	5,496	59.7
Other	1,721	1,570	1,666	-3.2

<sup>1</sup> Qualified mortgage bond figures for 1983 and 1984 are based on estimates developed by the U.S. Treasury Department.

r — Revised.

IRS beginning in 1983. The Deficit Reduction Act of 1984 extended the reporting requirement to cover qualified mortgage bonds issued after 1984, and established a State-by-State volume limitation on certain obligations issued after December 31, 1983. This cap covered all private activity bonds except private exempt entity bonds; multi-family rental housing bonds; and certain airport, dock, convention facility and refunding bonds. Each State's limit was the greater of \$150 per capita (\$100 per capita after 1986) or \$200 million. Because issuers were permitted to carry forward certain unused portions of their volume caps, the 1985 bond volume figures included in this article do not necessarily reflect amounts subject to the 1985 volume cap.

A number of proposals to curtail tax-exempt bonds were considered during the development of the Tax Reform Act of 1986. The original Treasury Department proposal, for example, called for the elimination of the tax exemption for all private activity bonds, and placed restrictions on public-purpose bonds as well. Concern over the direction of pending legislation caused a "rush-to-market" which led to sharply increased volume levels for both private- and public-purpose bonds in 1985. Another factor contributing to the high volume of tax-exempt bond issues was the anticipation that the pending Tax Reform Act would eliminate preferential treatment of capital gains (as, in fact, it did), thereby further increasing the attractiveness of investment in the tax-exempt bond market. Nevertheless, early data on 1986 tax-exempt bond volume suggest a return to 1984 levels. Thus, it seems probable that much of the 1985 increase in activity was attributable to an effort to issue bonds before January 1, 1986.

The Tax Reform Act of 1986, as passed, contained no such sweeping changes with respect to tax-exempt bonds, although it did repeal, as of 1987, the tax exemptions of several types of IDB's. Included in these were pollution control bonds, of which \$9.5 billion were issued in 1985. The Act also extended the information reporting requirement to cover public-purpose tax-exempt bonds as well as private activity bonds, beginning with bonds issued in 1987.

## DATA ANALYSIS

A total of 16,842 information returns were filed for private activity bonds issued in 1985. This article concentrates on the dollar volume of the bonds issued, rather than the number of returns filed, because the number of returns does not accurately reflect the number of private activities financed with tax-exempt bonds. Multiple returns may be filed for a single activity when a bond is refunded, especially in the case of short-term obligations that have maturities of as little as 1 day. On the other hand, some returns include descriptions of many activities (multiple-lot issues), thereby reducing the number of returns filed.

Table 1 shows the face amount and new-issue volume by type of private activity bond. Industrial development bonds are shown by type of activity. The bonds are further categorized into short-term obligations (obligations that have average maturities of a year or less) and long-term obligations. Shown in columns 4, 5, and 6 is the new-issue volume. For instance, a bond issue with a \$100 million purchase price sold to refund a \$95 million outstanding obligation would constitute \$5 million of new issues. New-issue volume, therefore, represents the net increase in private activity bonds (excluding non-refunded retirements). Approximately 18 percent of the total face amount of long-term private activity bonds went to refund prior issues in 1985.

Table 2 shows the aggregate face amount, purchase price, and lendable proceeds for long-term private activity bonds, as well as the issuance costs and the amounts allocated to reserve or replacement funds. Amounts used to refund outstanding issues are excluded from the non-refunding lendable proceeds, which are required to be used primarily to purchase land and depreciable property. Refunding proceeds accounted for over one-third of the total lendable proceeds for student loan bonds and private exempt entity bonds. A minor portion of the lendable proceeds can be used for other purposes, such as working capital.

Table 3 shows, for long-term IDB's and private exempt entity bonds, the allocation of non-refunding lendable proceeds. Of the proceeds, almost 90 percent was used to finance purchases of depreciable property, while 6 percent went for land purchases, and under 5 percent went for other uses.

Issuers of private exempt entity bonds and IDB's were required to provide information on the industrial classification of the initial principal users of the projects being financed. As Table 4 shows, private hospitals and educational facilities accounted for 93 percent of the total exemption entity bond volume on those returns for which the industrial activity was reported. Small-issue IDB's were used most frequently for manufacturing (34 percent), followed by real estate (22 percent), and services (19 percent). The proceeds of IDB's not categorized as small issues were used primarily for real estate (50 percent), and for facilities engaged in the provision of electricity, gas, and sanitary services (25 percent).

Figure C shows the percentage of the total face amount for small-issue IDB's in each of the four largest industrial classifications for 1983, 1984, and 1985. Only those returns that reported an industry are included in the computations.

By law, small issue IDB's were limited to \$1 million per user per county or \$10 million, if capital expenditures on the

**Figure C.—Industrial Classification of Small Issue IDB's, 1983–85**

Industry	Percentage of total face amount		
	1983	r1984	1985
	(1)	(2)	(3)
All industries .....	100.0%	100.0%	100.00%
Manufacturing .....	31.6	35.2	34.9
Trade .....	16.8	14.9	13.9
Real estate .....	20.5	23.0	22.5
Services .....	23.9	18.4	19.3
Other .....	7.2	8.5	9.4

r — Revised.

project did not exceed \$10 million over a 6-year period (\$25 million in the case of Urban Development Action Grant-assisted projects). The \$10 million limit was increased from \$5 million in 1979. It has been speculated that raising the limit sparked the rapid growth of small-issue IDB's.

Table 5 shows the size distribution of small-issue IDB's. Twenty-nine percent of small-issue IDB volume (6.5 percent of the returns) was from bond issues with face amounts of \$5 million to \$10 million. Only 16.6 percent of the volume (but 56.2 percent of the returns) was from issues of \$1 million or less. The mean size of the face amounts on small-issue IDB's issued in 1985 was \$1.6 million.

Table 6 shows the total new-issue volume by type of bond for each State. Every State issued at least \$35 million in new private exempt entity bonds, while every State except Hawaii issued a small-issue IDB. Idaho, Vermont, and Wyoming were the only States that did not issue IDB's for multi-family housing.

Figure D shows the percentage change in new-issue volume from 1983 to 1985 for each of the nine Census divisions that make up the United States. Overall, new-issue volume increased by 130 percent, with above average growth occurring in the Northeast and on the West Coast.

## DATA SOURCES AND LIMITATIONS

Form 8038, Information Return for Private Activity Bond Issues, is required to be filed with the Internal Revenue Service for all student loan, private exempt entity, industrial development, and qualified mortgage bonds. The return is due within 45 days after the end of the calendar quarter in which the bond is issued. All of the 1985 data in this article were extracted from the 16,842 returns filed for 1985.

Because the entire population of Forms 8038 was used for this study, there was no sampling error. The data may, however, reflect a certain amount of filer and processing error. Throughout the processing of the forms, a number of checks were performed to ensure that each return was internally consistent, and to exclude duplicate and amended returns. Both automatic and manual correction routines were performed to balance return data and to supply data missing from the returns. Despite these efforts, a small number of returns remained with missing or inconsistent data. This necessitated that a portion of the data (for example in Table 3) be expressed in percentages rather than as aggregate figures.

## DEFINITIONS

**Private Activity Bonds.**—Consists of four types of tax-exempt, State or local Government bonds issued for non-public-purpose uses: industrial development bonds, private exempt entity bonds, student loan bonds, and qualified mortgage bonds. Private activity bonds were classified as short-term if their final maturity was 1 year or less from their date of issue.

**Industrial Development Bonds (IDB's).**—State or local Government obligations, all or a major portion of the proceeds of which are used in a private trade or business, with payments of principal and interest secured by the property used in a private trade or business. In general, IDB's can

**Figure D.—New Issue Private Activity Bond Volume, by Region, 1983–85**

[Millions of dollars]

Region	1983	r1984	1985	Percentage change, 1983–1985
	(1)	(2)	(3)	(4)
Total <sup>1</sup> .....	\$39,110	\$51,916	\$85,958	130.0%
New England .....	2,387	2,754	5,854	145.2
Middle Atlantic .....	5,578	8,717	14,094	152.7
East North Central .....	5,109	6,545	12,713	148.8
West North Central .....	3,536	3,832	6,549	85.2
South Atlantic .....	7,014	11,889	14,604	108.2
East South Central .....	2,404	3,466	5,466	127.4
West South Central .....	5,035	6,355	7,473	48.4
Mountain .....	3,538	3,468	5,438	53.7
Pacific .....	4,429	4,782	12,864	190.4
Other areas .....	—	113	902	N/A

N/A — Not applicable.

<sup>1</sup> Qualified mortgage bonds are excluded from figure D because no State-by-State distribution is available for 1983 or 1984.

r — Revised.

finance certain specified activities in unlimited amounts. In addition, under the small-issue exemption, almost any private trade or business can finance depreciable property or land purchases with an IDB if the bond's face amount does not exceed \$1 million (\$10 million if capital expenditures did not exceed \$10 million over a 6-year period).

**Residential Rental Housing Industrial Development Bonds.**—These are IDB's issued to finance multi-family residential rental projects. In general, at least 20 percent of the units in the project financed (15 percent in certain targeted areas) must be occupied by individuals or families in the lower income ranges.

**Student Loan Bonds.**—State or local Government obligations issued to finance the education expenses of individuals.

**Private Exempt Entity Bonds.**—State or local Government obligations, issued for tax-exempt charitable, religious, education, and similar organizations (described in Internal Revenue Code section 501(c)(3)), but which are primarily issued for private, nonprofit medical facilities and colleges.

**Qualified Mortgage Bonds.**—These are State and local obligations issued to finance mortgages for owner-occupied residences. In general, the mortgages must be loaned to new homeowners, and there are certain restrictions on the purchase price of the residences financed, as well as the location of the residences.

## NOTES AND REFERENCES

- [1] The term "private activity bonds," as used in this article, refers to industrial development bonds, student loan bonds, private exempt entity bonds, qualified mortgage subsidy bonds, and qualified veterans' general obligation bonds.
- [2] Total long-term volume is derived from data available from *Bond Buyer*, as adjusted for privately-placed small issue IDB's.
- [3] Figure B, as well as in other tables in this article which present data for 1984 issuances, reflects minor revisions to previously published 1984 figures due to the inclusion of late-filed and amended returns.
- [4] Estimate provided by the Office of Tax Analysis, U.S. Department of Treasury.
- [5] Empirical estimates suggest that the Federal deficit increases by \$1.12 to \$1.31 for each dollar of cost savings to the tax-exempt issuers. See Toder, Eric and Neubig, Thomas S., "Revenue Cost Estimates of Tax Expenditures: The Case of Tax-Exempt Bonds," *National Tax Journal*, Volume XXXVIII, Number 3, September 1985.
- [6] Empirical estimates of the effect of an additional \$1 billion of tax-exempt obligations range from 1 basis point (0.01 percent) to 7 basis points. For a summary of the econometric estimates, see Peterson, G.E., Tuccillo, J.A., and Weichler, J.C., "The Impact of Local Mortgage Revenue Bonds on Securities Markets and Housing Policy Objectives," *Efficiency in the Municipal Bond Market*, G.C. Kaufman, ed., JAI Press, 1981.

## Private Activity Tax-Exempt Bonds, 1985

Table 1.—Volume of Private Activity Bonds by Type of Activity, 1985

[Millions of dollars]

Type of activity	All issues <sup>1</sup>			New issues <sup>2</sup>		
	Total	Short-term	Long-term	Total	Short-term	Long-term
	(1)	(2)	(3)	(4)	(5)	(6)
Total	127,599	8,247	119,352	99,404	1,675	97,729
Student loan bonds	4,469	435	4,034	2,822	30	2,792
Private exempt entity bonds	42,676	4,453	38,223	26,081	847	25,234
Qualified mortgage bonds <sup>3</sup>	14,514	180	14,334	13,446	180	13,265
Industrial development bonds:						
Industrial park	139	1	139	131	1	130
Small issue	17,778	74	17,704	16,493	51	16,442
Multi-family rental housing	25,074	114	24,960	24,756	69	24,688
Sports facilities	442	—	422	432	—	432
Convention facilities	100	2	98	76	—	76
Airports, docks, etc. <sup>4</sup>	5,169	581	4,587	3,538	31	3,508
Sewage and waste disposal facilities	6,290	348	5,941	5,107	104	5,003
Pollution control facilities	9,523	1,801	7,722	5,496	360	5,135
Water furnishing facilities	89	9	80	72	2	70
Hydroelectric generating facilities	50	3	47	45	( <sup>5</sup> )	45
Mass commuting vehicles	11	—	11	11	—	11
Local heating and cooling facilities	13	—	13	13	—	13
Electric energy and gas facilities	1,262	244	1,018	886	—	886

<sup>1</sup> Volume for all issues is the face amount of the bond.<sup>2</sup> Volume for new issues is the purchase price of the bond minus any amount used to refund earlier obligations.<sup>3</sup> Includes qualified veterans' mortgage bonds.<sup>4</sup> Includes wharves, mass commuting facilities, parking facilities, or storage facilities directly related to any of the preceding.<sup>5</sup> Less than \$500,000.

NOTE: Detail may not add to total because of rounding.

Table 2.—Computation of Nonrefunding Lendable Proceeds for Long-Term Private Activity Bonds, by Type, 1985

[Millions of dollars]

Item	Type of bond					
	Total	Student loan	Private exempt entity	Qualified mortgage bonds <sup>1</sup>	Industrial development bonds	
					Small issue	Other
	(1)	(2)	(3)	(4)	(5)	(6)
Face amount	119,352	4,034	38,223	14,334	17,704	45,058
Purchase price	119,301	4,025	38,184	14,320	17,690	45,083
Bond issuance costs	3,337	64	1,107	245	474	1,447
Allocations to reserve or replacement funds	5,838	328	2,805	1,042	88	1,575
Lendable proceeds	110,193	3,633	34,272	13,032	17,141	42,115
Proceeds used to refund prior issues	21,639	1,233	12,950	1,054	1,261	5,140
Nonrefunding lendable proceeds	88,554	2,400	21,322	11,978	15,880	36,975

<sup>1</sup> Includes qualified veterans' mortgage bonds.

NOTE: Detail may not add to total because of rounding.

Table 3.—Long-Term Private Activity Bonds: Percentage Distribution of Nonrefunding Lendable Proceeds, by Type of Property Financed, 1985

Type of property financed	Type of industrial development bond							
	Total	Private exempt entity	Small issue	Multi-family rental housing	Sports and convention	Airport and dock <sup>1</sup>	Sewage, waste disposal and pollution control	Other exempt activity <sup>2</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Depreciable property:								
3-year ACRS	0.8	1.6	1.1	0.4	0.2	0.2	0.2	1.8
5-year ACRS	16.6	21.0	20.9	3.7	6.0	15.1	34.1	4.6
10-year ACRS	6.9	3.1	1.7	1.4	2.7	0.5	36.7	2.4
15-year ACRS	13.6	11.0	10.5	14.5	14.1	11.4	14.8	76.1
18-year ACRS	51.6	51.3	56.2	66.7	64.6	62.0	11.1	6.2
Land	6.1	3.3	7.3	10.0	4.1	6.1	0.5	4.4
Other property	3.0	7.0	1.8	1.9	4.0	2.6	0.8	3.6
Other uses	1.4	1.7	0.6	1.4	4.3	2.1	1.8	1.0

<sup>1</sup> Includes wharves, mass commuting facilities, parking facilities, or storage facilities directly related to any of the preceding.<sup>2</sup> Consists of industrial parks, water furnishing facilities, hydroelectric generating facilities, mass commuting vehicles, local heating and cooling facilities, and facilities for the local furnishing of electrical energy or gas.

NOTES: Detail may not add to total because of rounding.

ACRS is the Accelerated Cost Recovery System of depreciating property for tax purposes.

**Table 4.—Volume<sup>1</sup> of Industrial Development Bonds and Private Exempt Entity Bonds, by Industry, 1985**

[Millions of dollars]

Industry	Industrial development bonds				Private exempt entity bonds	
	Small issue		Other		Amount	Percent
	Amount	Percent	Amount	Percent		
	(1)	(2)	(3)	(4)	(5)	(6)
All industries .....	15,880	100.00	36,975	100.00	21,322	100.00
Agriculture, forestry, and fishing .....	278	1.75	73	.20	13	.06
Mining .....	61	.38	140	.38	35	.16
Construction .....	157	.99	1,179	3.19	91	.43
Manufacturing .....	5,332	33.57	1,257	3.40	31	.15
Food and kindred products .....	632	3.98	64	.17	—	—
Textile products .....	249	1.57	—	—	—	—
Lumber, wood products, and furniture .....	305	1.92	28	.08	1	(?)
Paper and allied products .....	209	1.32	226	.61	—	—
Printing and publishing .....	548	3.45	(?)	(?)	(?)	(?)
Chemicals and allied products .....	311	1.96	391	1.06	—	—
Rubber and misc. plastics products .....	492	3.10	(?)	(?)	—	—
Stone, clay, and glass products .....	186	1.17	16	.04	3	.01
Primary metal industries .....	192	1.21	28	.08	—	—
Fabricated metal products .....	650	4.09	12	.03	1	.01
Machinery, exc. electrical .....	389	2.45	2	.01	3	.02
Electrical and electronic equipment .....	429	2.70	12	.03	7	.03
Transportation equipment .....	320	2.02	338	.91	—	—
Other manufacturing .....	420	2.64	137	.37	15	.07
Transportation .....	437	2.75	2,057	5.56	6	.02
Trucking and warehousing .....	361	2.27	21	.06	(?)	(?)
Transportation by air .....	7	.04	1,780	4.81	—	—
Other transportation .....	70	.44	257	.70	5	.02
Electric, gas, and sanitary service .....	60	.38	9,060	24.50	57	.27
Wholesale trade .....	1,086	6.84	237	.64	15	.07
Durable goods .....	513	3.23	44	.12	15	.07
Nondurable goods .....	573	3.61	192	.52	—	—
Retail trade .....	1,033	6.51	9	.02	4	.02
General merchandise stores .....	251	1.58	(?)	(?)	4	.02
Food stores .....	252	1.59	2	.01	(?)	(?)
Other retail trade .....	530	3.34	6	.02	(?)	(?)
Finance and insurance .....	374	2.36	94	.25	472	2.21
Real estate .....	3,444	21.69	18,435	49.86	180	.85
Services .....	2,953	18.59	1,606	4.34	19,373	90.86
Hotels and other lodging places .....	1,010	6.36	397	1.07	20	.09
Personal and business services .....	220	1.39	16	.04	40	.19
Medical and health services .....	1,271	8.00	809	2.19	14,814	69.48
Educational services .....	32	.20	—	—	4,177	19.59
Other services .....	420	2.64	384	1.04	322	1.51
Other industries .....	68	.43	81	.22	157	.74
Industry not reported .....	599	3.77	2,748	7.43	887	4.16

<sup>1</sup> Consists of the nonrefunding lendable proceeds of the bonds.<sup>2</sup> Less than 0.005 percent.<sup>3</sup> Less than \$500,000.

NOTE: Detail may not add to total because of rounding.

**Table 5.—Number and Volume of Small Issue Industrial Development Bonds, by Size of Face Amount, 1985**

[Millions of dollars]

Size of face amount	Returns		Face amount	
	Number	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)
Total .....	11,123	100.0	17,736	100.0
\$1 to \$100,000 .....	935	8.4	51	0.3
\$100,001 to \$250,000 .....	1,105	9.9	198	1.1
\$250,001 to \$500,000 .....	1,612	14.5	632	3.6
\$500,001 to \$750,000 .....	1,230	11.1	790	4.5
\$750,001 to \$1,000,000 .....	1,371	12.3	1,262	7.1
\$1,000,001 to \$2,500,000 .....	2,735	24.6	4,594	25.9
\$2,500,001 to \$5,000,000 .....	1,417	12.7	5,095	28.7
\$5,000,001 to \$10,000,000 .....	718	6.5	5,115	28.8

NOTE: Detail may not add to total because of rounding.

## Private Activity Tax-Exempt Bonds, 1985

Table 6.—Volume of New Issue Private Activity Bonds by State, 1985<sup>1</sup>

[Millions of dollars]

State	Type of activity										
	Total	Student loan bonds	Exempt entity bonds	Qualified mortgage bonds <sup>2</sup>	Industrial development bonds						
					Small issue and industrial park	Multi-family housing	Sports and convention	Airport and dock <sup>3</sup>	Sewage and waste disposal	Pollution control	Other exempt activities <sup>4</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>Total</b> .....	<b>99,404</b>	<b>2,822</b>	<b>26,081</b>	<b>13,446</b>	<b>16,624</b>	<b>24,756</b>	<b>507</b>	<b>3,538</b>	<b>5,107</b>	<b>5,496</b>	<b>1,026</b>
Alabama.....	1,379	—	416	200	336	241	—	5	56	125	—
Alaska.....	636	—	80	341	158	10	—	43	3	—	—
Arizona.....	2,072	96	652	76	217	768	13	92	91	2	65
Arkansas.....	719	30	180	201	84	87	—	7	56	74	—
California.....	13,511	710	2,387	2,359	519	5,409	154	323	935	603	114
Colorado.....	2,320	147	383	387	192	857	1	344	—	8	—
Connecticut.....	2,045	15	144	225	283	343	—	32	855	144	2
Delaware.....	975	—	547	156	163	95	1	4	( <sup>5</sup> )	9	( <sup>5</sup> )
Florida.....	5,057	—	1,312	490	601	1,994	116	203	214	123	5
Georgia.....	3,129	31	345	181	631	1,099	15	58	178	590	—
Hawaii.....	405	—	71	29	—	83	—	—	175	—	46
Idaho.....	133	—	49	45	27	—	—	—	( <sup>5</sup> )	12	—
Illinois.....	5,853	65	1,732	487	885	1,658	16	451	51	304	204
Indiana.....	2,317	—	522	190	518	592	—	109	157	229	—
Iowa.....	661	46	228	70	200	104	—	—	—	12	—
Kansas.....	818	—	208	39	165	191	—	—	80	136	—
Kentucky.....	1,209	109	256	146	304	245	22	41	( <sup>5</sup> )	83	3
Louisiana.....	1,768	2	737	196	275	230	2	49	58	218	—
Maine.....	495	—	49	130	99	38	1	—	177	2	—
Maryland.....	2,490	—	530	488	443	903	11	57	50	8	—
Massachusetts.....	2,839	306	1,310	149	622	368	—	14	71	—	—
Michigan.....	2,187	—	439	150	883	169	—	101	100	346	—
Minnesota.....	2,469	—	452	176	468	1,243	14	7	66	21	22
Mississippi.....	578	84	55	—	168	151	—	13	36	70	—
Missouri.....	2,165	35	544	199	584	706	4	30	7	56	—
Montana.....	173	—	82	40	38	8	3	—	—	—	1
Nebraska.....	639	143	133	197	94	70	2	—	—	—	—
Nevada.....	296	—	35	79	37	64	—	—	—	7	74
New Hampshire.....	638	39	312	55	85	73	6	—	67	—	2
New Jersey.....	2,493	—	710	445	931	246	—	68	61	20	11
New Mexico.....	473	44	43	195	40	91	5	2	( <sup>5</sup> )	53	—
New York.....	7,089	95	2,766	600	1,032	953	2	200	607	398	435
North Carolina.....	1,397	—	424	224	257	137	—	203	15	137	—
North Dakota.....	251	125	38	28	17	18	1	4	—	20	—
Ohio.....	2,694	—	636	410	893	117	—	131	18	488	1
Oklahoma.....	613	—	163	—	119	165	—	129	34	4	—
Oregon.....	727	—	124	435	72	26	13	8	7	36	6
Pennsylvania.....	5,964	36	2,888	407	1,156	346	9	216	566	322	20
Rhode Island.....	281	—	100	100	74	1	—	—	—	5	—
South Carolina.....	714	10	113	194	224	152	—	—	7	14	—
South Dakota.....	454	120	84	199	38	13	—	—	—	—	—
Tennessee.....	2,829	—	467	183	451	1,494	13	144	—	78	—
Texas.....	6,004	336	1,739	1,234	654	1,088	9	314	107	520	5
Utah.....	608	—	159	—	168	270	12	—	—	—	—
Vermont.....	305	84	54	90	43	—	14	3	18	—	( <sup>5</sup> )
Virginia.....	2,636	—	442	460	618	951	10	52	27	77	—
Washington.....	835	45	125	86	164	274	40	60	3	38	—
West Virginia.....	569	—	206	170	130	40	—	—	12	10	—
Wisconsin.....	1,205	19	249	306	426	156	( <sup>5</sup> )	—	7	32	10
Wyoming.....	185	—	110	—	15	—	—	—	—	60	—
Others <sup>6</sup> .....	1,102	50	252	200	24	419	—	22	134	—	—

<sup>1</sup> Volume for new issues is the purchase price of the bond minus the amount used to refund earlier obligations.<sup>2</sup> Consists of qualified mortgage bonds and qualified veterans' mortgage bonds.<sup>3</sup> Includes wharves, mass commuting facilities, parking facilities, or storage facilities directly related to any of the preceding.<sup>4</sup> Consists of water furnishing facilities, hydroelectric facilities, mass commuting vehicles, local district heating and cooling facilities, and facilities for local furnishing of electric energy or gas.<sup>5</sup> Less than \$500,000.<sup>6</sup> Includes District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

NOTE: Detail may not add to total because of rounding.

# Environmental Taxes, 1981-85

By Rashida Belal\*

Through the implementation of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), Congress intended to amass a \$1.6 billion Hazardous Substance Response Trust Fund, more commonly referred to as the "Superfund". Of this amount, \$1.4 billion was to be raised through a special environmental excise tax. From April 1981 through September 1985, when the original Act expired, approximately \$1.2 billion in environmental taxes was reported to the Internal Revenue Service by 1,077 taxpayers. CERCLA 1980 was extended and amended, effective January 1987.

## BRIEF HISTORY OF THE SUPERFUND LEGISLATION

Hazardous chemical waste problems have evolved from the production of such everyday products as plastics, paints, adhesives, fertilizers, detergents, cosmetics, pesticides, and toiletries. Toxic chemicals are also used in the production of metals, petroleum products, glass, and mirrors.

Improper hazardous waste disposal can result in catastrophic situations including contamination of groundwater (the source of half the Nation's drinking water), habitat destruction, health-related problems, soil contamination, livestock loss, and crop damage [1].

To deal with the problems of hazardous waste, the Administration recommended the establishment of a "Superfund" in June 1979. The legislation was enacted in December 1980.

Although the average tax liability was \$1.1 million per taxpayer, the lion's share of the total tax was attributable to five companies, each of which reported more than \$50 million in tax. From April 1981 through September 1985, these companies contributed \$382 million, almost 33 percent of the total tax, an average of more than \$76 million per company. The top 14 companies, those companies that reported over \$20 million in tax, were responsible for \$636 million, more than half of the total tax liability.

Originally, Superfund was expected to accumulate \$1.4 of the \$1.6 billion in taxes levied against petroleum, inorganic chemicals, and petrochemicals. The tax rates for each were formulated so that the tax liability would reflect the respective percentages in which these substances were found in hazardous waste sites [2]. The remaining \$0.22 billion was to be appropriated from general tax revenues at a rate of \$44 million per year for each of Fiscal Years 1981 through 1985. In addition, liable parties would be obliged to reimburse the Fund for Government clean-up costs and punitive damages in responding to an environmental emergency involving a release or threatened release of hazardous substances.

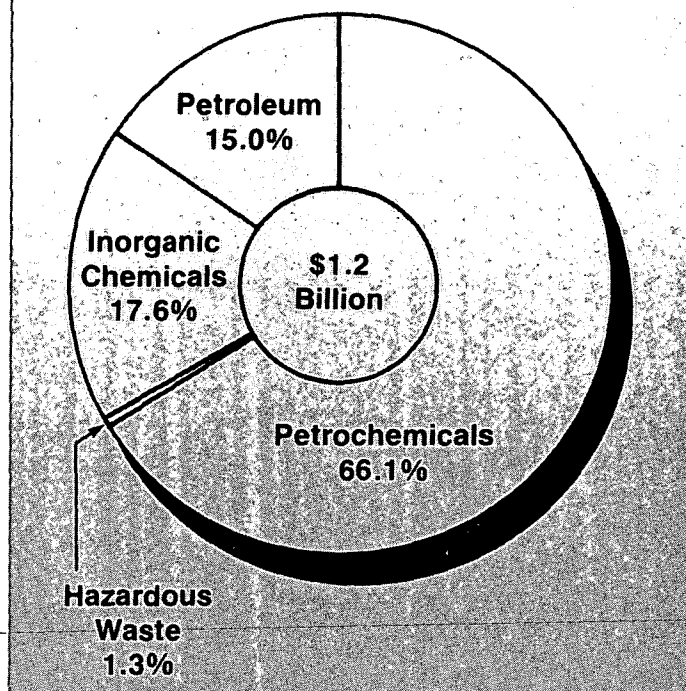
Monies in the Superfund were available for expenditures incurred under section III of CERCLA, which costs included but were not limited to the following: 1) costs of responding to the presence of hazardous substances on land or in the water or air, including clean-up and removal of such substances and remedial action; 2) payment of claims for injury to, or destruction or loss of, natural resources belonging to or controlled by the Federal or State Governments; and 3) certain costs related to response, including damage assessments, epidemiological studies, and maintenance of emergency response forces.

CERCLA also established the Post-closure Liability Trust Fund, supported by a tax imposed on hazardous waste which was received at a qualified hazardous waste disposal facility and which was to remain at the facility after its closure. This Fund was to assume completely the responsibility of owners and operators of closed hazardous waste disposal facilities that met certain conditions. Since December 1983 (the first quarter of its existence) through September 1985, approximately \$16 million in tax liability was reported.

The percentage of environmental tax attributable to the various taxable substances remained basically the same throughout the lifetime of CERCLA. As shown in Figure A, for the quarters ended June 1981 through September 1985

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Figure A  
**Sources of Environmental Taxes,  
 Quarters Ended June 30, 1981,  
 Through September 30, 1985**



(the lifetime of the taxes) petrochemicals accounted for two-thirds of total environmental taxes. Inorganic chemicals accounted for nearly 18 percent of the total. Just under 15 percent of the reported tax was on petroleum. The hazardous waste tax was just over 1 percent of the total environmental taxes. Figure B shows the number of taxpayers reporting environmental taxes and the average tax accrued per tax category.

Figure B.—Number of Businesses and Environmental Taxes, Quarters Ended June 1981 through September 1985

[Money amounts are in thousands of dollars]

Type of tax	Number of businesses <sup>1</sup>	Total tax	Average tax
	(1)	(2)	(3)
Total environmental taxes .....	1,077	\$1,181,792	\$1,097
Superfund .....	n.a.	\$1,166,231	n.a.
Petroleum .....	481	176,911	368
Petrochemicals .....	264	780,845	2,958
Inorganic chemicals .....	439	208,424	475
Unallocable .....	119	51	*
Post-closure Liability Trust Fund .....	130	15,561	120

n.a. - not available

\* Less than \$500

<sup>1</sup> Detail in column (1) may not add to any meaningful total because businesses may report more than one type of tax.

## PETROLEUM

CERCLA imposed an excise tax of \$.0079 per barrel on crude oil received at a U.S. refinery and petroleum products which entered into the United States for consumption, use, or warehousing. Approximately 45 percent of the total businesses reporting environmental taxes reported a tax on petroleum. The 481 companies that reported tax on petroleum reported a total tax of \$176.9 million, an average of about \$368,000 in tax per company over the 18 quarters that CERCLA was in effect.

## PETROCHEMICALS

Eleven petrochemicals were taxed under CERCLA, all but one at the rate of \$4.87 per ton. Although petrochemicals were reported by only one-fourth of the companies reporting an environmental tax, they accounted for 66 percent of the total environmental tax liability, yielding the highest average tax per category; nearly \$3.0 million per taxpayer. This amount was more than 2.5 times the overall average tax. Over the 1981-85 period, petrochemicals generated a total of \$780.8 million in tax liability on the part of 264 companies.

Ethylene, the highest revenue producing petrochemical, was reported by 47 companies for a total of over \$311 million in tax. This was approximately 40 percent of the total tax on petrochemicals. However, the tax reported for benzene, propylene, xylene, plus ethylene amounted to over \$627 million or 80 percent of the total tax liability for petrochemicals.

## INORGANIC CHEMICALS

CERCLA imposed a tax on 31 inorganic chemicals at rates varying from \$.022 to \$4.45 per ton. A total of \$208.4 million in tax liability was reported by 439 taxpayers for an average of \$475,000 per taxpayer. Although more than 40 percent of the businesses reporting an environmental tax liability paid a tax on inorganic chemicals, the total amount of tax liability accrued was less than 18 percent of the total tax.

Sulfuric acid was the most frequently reported inorganic chemical, with 114 taxpayers reporting a tax. The \$10.5 million in tax liability represented 5 percent of the tax reported for all inorganic chemicals. Chlorine, reported by only 57 businesses, accounted for more than half of the inorganic chemical tax liability and almost 10 percent of the total environmental tax.

## HAZARDOUS WASTE

The Post-closure Liability Trust Fund amassed \$15.6 million from 130 businesses during its lifetime from October

1983 through September 1985. For the entire period that this tax was in effect, the average tax reported was \$119,697.

## SUMMARY

**Figure C.—“Superfund” Taxes by Category, Quarters Ended June 1981 through September 1985**

[Millions of dollars]

Quarter ended	Total <sup>1</sup>	Petrochemicals	Inorganic chemicals	Petroleum
	(1)	(2)	(3)	(4)
All quarters .....	\$1,166.2	\$780.8	\$208.4	\$176.9
June 1981 .....	69.1	46.1	12.8	10.2
Sept. 1981 .....	61.6	40.1	12.0	9.4
Dec. 1981 .....	68.1	45.2	11.4	11.6
Mar. 1982 .....	59.2	39.6	10.6	9.0
June 1982 .....	60.8	40.1	10.8	9.9
Sept. 1982 .....	55.4	36.3	9.8	9.4
Dec. 1982 .....	56.8	37.3	10.1	9.4
Mar. 1983 .....	59.4	40.0	10.6	8.8
June 1983 .....	66.8	45.4	11.3	10.2
Sept. 1983 .....	63.8	42.7	11.3	9.9
Dec. 1983 .....	66.8	45.3	11.6	9.9
Mar. 1984 .....	74.9	52.2	12.4	10.2
June 1984 .....	72.8	49.5	12.7	10.6
Sept. 1984 .....	64.3	43.1	11.5	9.7
Dec. 1984 .....	60.3	38.5	12.9	8.9
Mar. 1985 .....	65.6	44.2	11.9	9.5
June 1985 .....	70.2	48.0	12.4	9.8
Sept. 1985 .....	69.3	47.2	12.1	10.0

<sup>1</sup> Includes taxes not allocable to a specific category. For this reason and also because of rounding, detail will not add to total.

As shown in Figure C, there was virtually no difference in the reported tax liability for the quarters ended June 1981 and September 1985, the respective beginning and ending quarters of Superfund. And observing the table on a quarter-to-quarter basis does not yield a pattern of increases or decreases. However, by looking at the larger picture, it is evident that reported tax liability increased each year, but on a declining basis. This held true up to 1985.

Nineteen eighty-one was a partial year, but from 1982 to 1983 the reported tax increased by 10 percent. From 1983 to 1984 there was an increase of only 6 percent.

Comparing the last year, 1985, to the first year of Superfund, 1981, it appears that the tax went full circle. Both years were reduced to 3 reporting quarters and the difference in tax between the 2 years was only 3 percent, with 1985 being the higher of the 2 years.

The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) established the Superfund as of April 1981; it expired on September 30, 1985, but was extended and amended as of January 1987. Congress intended to amass a \$1.6 billion “Superfund”, with \$1.4 billion accumulated through taxes levied against petroleum, inorganic chemicals and petrochemicals. Another \$0.22 billion was scheduled to be transferred to the Superfund from general tax revenues. Before its initial expiration, CERCLA resulted in a total of \$1.2 billion in environmental taxes being reported by 1,077 taxpayers. Almost

one-third of the total tax, \$381,712,710, was attributed to five companies that had average tax liabilities of over \$76 million.

CERCLA also contained provisions for the Post-closure Liability Trust Tax, a tax levied on hazardous waste received at a qualified hazardous waste disposal facility and which was to remain at the facility after its closure. This portion of CERCLA, which did not go into effect until December 1983, amassed approximately \$16 million in tax liability.

For additional information on Environmental Taxes, see the Fall 1982, Fall 1983, Spring 1985 and Spring 1986 issues of the SOI Bulletin [3].

## DATA SOURCES AND LIMITATIONS

Environmental taxes, which are excise taxes, are reported on Form 720, the Quarterly Excise Tax Return. Form 6627, Environmental Taxes, is the form on which the tax liability for petroleum, chemicals and hazardous waste is computed. The tax as imposed by Congress was levied at different rates ranging from \$.0079 per barrel of crude oil or petroleum and from \$0.22 to as much as \$4.87 per ton of certain chemicals, as shown in Table 1.

Returns are due to be filed 1 month after the end of the quarter in which the business is liable for environmental taxes. These returns are the source of data for this study. Data in this article reflect information reported on returns filed for the quarters ending June 30, 1981, through September 30, 1985.

Any adjustments, credits, or refunds to environmental taxes reported or claimed either on the Form 720 or on a Form 843, Claim, are not reflected in the data. A taxpayer could take an adjustment or credit if a taxed chemical was later used to manufacture or produce any other substance subject to the tax. If a tax were paid on a chemical subsequently used to produce fertilizer, a credit or adjustment could also be claimed.

The Internal Revenue Service also releases environmental tax statistics in a quarterly report on excise taxes [4]. These figures, taken from the Form 720, show the total tax liability, after adjustment, on returns recorded on the computerized Business Master File as part of routine tax administration processing. There is, however, no distribution of this tax by type of chemical. Returns are due 1 month after the end of the calendar quarter and are reflected in the statistics for the quarter in which they are filed (and processed). Also included are returns filed late because of routine filing extensions and other reasons. Therefore, that report covers whatever tax was recorded during a quarter, regardless of when it was incurred. Consequently, the two series of data are not directly comparable.

Since no statistical sampling was involved, the data presented here are not subject to sampling error, but may be subject to nonsampling error. Although efforts were made to secure missing returns, some returns from previous quarters were substituted because of time and resource constraints. All tables have been revised and in some cases a decrease in the previously-reported tax liability is evident. This was because returns previously unavailable for the statistics were finally obtained and the tax reported was less than the tax on the previous quarter's return that had been used. In some cases where the previous quarter's return was used, it was later determined that the taxpayer had no tax liability at all for the particular quarter in question.

#### NOTES AND REFERENCES

[1] Gennett, David, "Handling Hazardous Waste, An Un-

solved Problem," *Environment*, October 1980, p. 7.

[2] U.S. Senate, *Report of the Committee on Finance on S.51*, Report 99-73, May 23, 1985.

[3] For prior years see Barnhardt, Janet, "Superfund for Environmental Taxes," *Statistics of Income Bulletin*, Fall 1982, pp. 31-34; Belal, Rashida, "Superfund for Environmental Taxes, 1981 and 1982," *Statistics of Income Bulletin*, Fall 1983, pp. 31-34; "Environmental Taxes 1981-83," *Statistics of Income Bulletin*, Spring 1985 pp. 61-67; "Environmental Taxes, 1981-84," *Statistics of Income Bulletin*, Spring 1986, pp. 72-82.

[4] U.S. Department of the Treasury, Internal Revenue Service, *Internal Revenue Report of Excise Taxes*, issued quarterly.

Table 1.—Environmental Taxes Reported by Type of Substance, Quarters Ended June 1981–September 1985

(Money amounts are in thousands of dollars except in column 1)

Type of substance	Total	Quarter ended				
		June r1981	Sept. r1981	Dec. r1981	Mar. r1982	June r1982
	(1)	(2)	(3)	(4)	(5)	(6)
Total .....	1,181,791,773	69,105	61,562	68,130	59,189	60,824
Petroleum .....	176,911,431	10,177	9,398	11,611	9,016	9,885
Petrochemicals, total .....	780,844,630	46,094	40,116	45,163	39,577	40,105
Acetylene .....	2,812,297	206	236	188	120	136
Benzene .....	102,253,046	5,360	4,225	5,665	4,558	4,543
Butane .....	15,687,480	1,394	1,088	1,050	1,020	1,218
Butylene .....	18,867,029	1,469	1,351	1,442	1,141	1,212
Butadiene .....	31,687,803	1,832	1,483	2,015	1,498	1,685
Ethylene .....	311,316,071	17,024	15,215	15,969	15,293	15,881
Methane .....	32,690,539	2,479	2,264	2,309	2,031	2,004
Naphthalene .....	1,364,869	139	65	93	99	53
Propylene .....	140,889,280	9,510	7,950	7,891	7,994	6,889
Toluene .....	50,536,576	2,598	2,354	2,899	1,973	2,143
Xylene .....	72,739,636	4,103	3,883	5,643	3,850	4,343
Inorganic chemicals, total .....	208,424,089	12,832	12,031	11,354	10,596	10,830
Ammonia .....	39,157,699	2,295	2,143	2,191	2,118	2,059
Antimony .....	54,306	4	2	2	2	2
Antimony trioxide .....	356,215	15	17	24	20	17
Arsenic .....	15,987	1	(1)	1	1	1
Arsenic trioxide .....	268,402	21	23	23	22	19
Barium sulfide .....	247,550	*	*	3	(1)	*
Bromine .....	3,647,545	205	157	206	149	187
Cadmium .....	60,098	3	2	3	3	2
Chlorine .....	111,961,899	7,099	6,513	5,791	5,540	5,682
Chromium .....	392,494	76	36	25	27	10
Chromite .....	2,563,313	116	182	247	80	81
Potassium dichromate .....	1,102	*	*	*	(1)	*
Sodium dichromate .....	303,859	*	17	*	2	1
Cobalt .....	120,921	3	4	11	8	6
Cupric sulphate .....	265,056	10	17	11	11	12
Cupric oxide .....	126,699	4	3	4	7	4
Cuprous oxide .....	66,751	3	4	4	4	4
Hydrochloric acid .....	2,414,781	90	119	213	150	142
Hydrogen fluoride .....	5,244,251	328	337	238	259	274
Lead oxide .....	6,540,030	366	336	393	330	324
Mercury .....	41,112	2	2	2	2	6
Nickel .....	2,379,743	121	157	156	164	125
Phosphorus .....	7,389,851	494	423	420	409	407
Stannous chloride .....	19,767	*	*	2	1	1
Stannic chloride .....	76,729	1	1	11	4	5
Zinc chloride .....	232,065	15	13	15	12	15
Zinc sulfate .....	241,098	18	13	15	16	16
Potassium hydroxide .....	299,270	15	13	16	12	14
Sodium hydroxide .....	11,849,542	713	693	650	602	599
Sulfuric acid .....	10,520,383	703	706	605	572	750
Nitric acid .....	1,565,553	101	93	74	68	67
Unallocable chemicals .....	50,963	2	16	2	(1)	3
Hazardous waste .....	15,560,658	(2)	(2)	(2)	(2)	(2)

Footnote(s) at end of table.

## Environmental Taxes, 1981-85

Table 1.—Environmental Taxes Reported by Type of Substance, Quarters Ended June 1981–September 1985—Continued

[Money amounts are in thousands of dollars]

Type of substance	Quarter ended—continued					
	Sept. r1982	Dec. r1982	Mar. r1983	June r1983	Sept. r1983	Dec. r1983
	(7)	(8)	(9)	(10)	(11)	(12)
Total	55,450	56,799	59,403	66,894	63,812	69,653
Petroleum	9,362	9,373	8,774	10,155	9,858	9,921
Petrochemicals, total	36,269	37,313	39,969	45,406	42,655	45,300
Acetylene	112	.	.	.	132	.
Benzene	5,164	4,350	4,925	5,888	5,196	6,681
Butane	834	728	721	557	704	434
Butylene	737	949	928	1,103	683	809
Butadiene	1,413	1,337	1,742	1,745	1,658	1,833
Ethylene	15,404	16,680	16,819	17,890	18,011	17,497
Methane	1,765	1,666	1,633	1,647	1,722	1,760
Naphthalene	88	.	.	.	68	.
Propylene	6,144	5,587	7,049	7,752	7,455	7,878
Toluene	2,003	2,193	2,620	4,834	3,156	3,755
Xylene	2,606	3,640	3,341	3,787	3,870	4,403
Inorganic chemicals, total	9,809	10,114	10,645	11,288	11,299	11,608
Ammonia	1,980	1,663	1,901	2,027	2,067	2,147
Antimony	2	1	4	3	3	3
Antimony trioxide	13	13	17	18	17	22
Arsenic	1	(1)	(1)	(1)	4	3
Arsenic trioxide	16	12	10	15	5	8
Barium sulfide	.	.	.	2	1	1
Bromine	179	388	189	198	186	200
Cadmium	2	2	4	3	2	1
Chlorine	5,108	5,589	5,735	6,130	6,071	6,235
Chromium	8	7	11	13	10	10
Chromite	90	118	108	77	59	96
Potassium dichromate	(1)	(1)	.	(1)	(1)	.
Sodium dichromate	.	1	2	2	234	3
Cobalt	3	8	9	8	7	4
Cupric sulphate	25	10	20	21	17	11
Cupric oxide	6	4	7	7	7	7
Cuprous oxide	3	.	4	5	4	4
Hydrochloric acid	115	131	152	174	132	142
Hydrogen fluoride	220	204	255	280	261	270
Lead oxide	322	267	304	339	345	413
Mercury	4	(1)	(1)	(1)	2	2
Nickel	62	96	152	156	74	163
Phosphorus	384	380	404	428	336	414
Stannous chloride	1	.	2	1	(1)	1
Stannic chloride	4	3	5	5	1	6
Zinc chloride	10	11	16	14	10	12
Zinc sulfate	10	3	20	13	10	12
Potassium hydroxide	10	12	68	12	13	15
Sodium hydroxide	543	522	580	624	826	661
Sulfuric acid	599	584	578	619	515	637
Nitric acid	87	80	87	93	79	103
Unallocable chemicals	10	11	15	(1)	(1)	(1)
Hazardous waste	—	—	—	—	—	1,825

Footnote(s) at end of table.

Table 1.—Environmental Taxes Reported by Type of Substance, Quarters Ended June 1981–September 1985—Continued

[Money amounts are in thousands of dollars]

Type of substance	Quarter ended—continued						
	Mar. r1984	June r1984	Sept. r1984	Dec. r1984	Mar. 1985	June 1985	Sept. 1985
	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Total .....	76,370	75,390	66,643	62,503	67,432	71,786	70,770
Petroleum .....	10,202	10,556	9,671	8,873	9,548	9,785	10,032
Petrochemicals, total .....	52,237	49,466	43,067	38,549	44,169	47,953	47,160
Acetylene .....	*	*	156	182	167	176	148
Benzene .....	7,566	7,236	6,040	5,552	6,047	6,293	6,922
Butane .....	605	798	470	550	776	2,173	586
Butylene .....	791	1,088	1,108	1,167	870	1,046	936
Butadiene .....	1,953	2,030	1,905	1,742	1,945	1,857	2,014
Ethylene .....	21,081	19,876	16,915	15,317	17,774	19,681	18,990
Methane .....	1,847	1,928	1,974	1,658	1,320	1,378	1,307
Naphthalene .....	*	*	61	66	61	64	66
Propylene .....	10,028	8,641	8,027	6,586	8,027	8,202	9,086
Toluene .....	4,013	3,182	2,929	1,938	2,945	2,310	2,690
Xylene .....	4,125	4,449	3,482	3,791	4,237	4,773	4,414
Inorganic chemicals, total .....	12,423	12,741	11,543	12,925	11,868	12,423	12,095
Ammonia .....	2,326	2,477	2,195	2,738	2,208	2,288	2,335
Antimony .....	6	4	3	4	2	4	3
Antimony trioxide .....	27	31	22	19	23	20	20
Arsenic .....	1	1	(1)	(1)	1	(1)	(1)
Arsenic trioxide .....	12	15	12	11	11	17	16
Barium sulfide .....	222	2	1	*	*	1	*
Bromine .....	201	214	206	218	226	182	156
Cadmium .....	10	14	2	2	2	2	2
Chlorine .....	6,484	6,095	6,189	7,011	6,670	7,068	6,959
Chromium .....	10	12	10	9	14	68	36
Chromite .....	72	791	75	96	102	111	61
Potassium dichromate .....	1	(1)	(1)	*	*	(1)	*
Sodium dichromate .....	2	3	2	1	9	9	1
Cobalt .....	11	12	8	4	5	4	5
Cupric sulphate .....	18	19	14	12	16	11	8
Cupric oxide .....	10	9	10	7	10	13	9
Cuprous oxide .....	5	4	3	*	5	5	3
Hydrochloric acid .....	168	148	145	124	118	95	58
Hydrogen fluoride .....	342	394	338	291	308	344	304
Lead oxide .....	451	389	395	427	390	381	368
Mercury .....	3	2	2	2	1	(1)	9
Nickel .....	140	158	121	150	138	141	106
Phosphorus .....	429	430	391	426	398	436	380
Stannous chloride .....	2	1	1	1	1	1	1
Stannic chloride .....	4	6	5	4	6	2	6
Zinc chloride .....	15	15	12	11	12	12	13
Zinc sulfate .....	19	14	12	12	15	14	10
Potassium hydroxide .....	16	18	13	14	14	10	13
Sodium hydroxide .....	684	710	701	721	661	667	693
Sulfuric acid .....	627	656	575	513	416	434	430
Nitric acid .....	105	96	81	92	86	84	92
Unallocable chemicals .....	(1)	2	(1)	(1)	(1)	(1)	(1)
Hazardous waste .....	1,508	2,625	2,361	2,157	1,847	1,625	1,483

\* This figure is not shown to avoid disclosure of information for specific businesses. However, the data are included in the appropriate totals.

1 Less than \$500, however, the data are included in the totals.

2 Tax not in effect until October 1, 1983.

NOTE: Detail may not add to total because of rounding.

## Environmental Taxes, 1981-85

Table 2.—Environmental Taxes Reported by Type of Substance, Aggregate for The Quarters Ended June 1981–September 1985

Type of substance	Number of businesses <sup>1</sup>	Number of tons (000's)	Tax rate per ton (dollars)	Average tax per business (dollars)
	(1)	(2)	(3)	(4)
Petroleum .....	481	22,393,852 <sup>2</sup>	.0079 <sup>3</sup>	367,799
Petrochemicals, total .....	264	N/A	N/A	2,957,744
Acetylene .....	55	577	4.87	51,132
Benzene .....	70	20,997	4.87	1,460,757
Butane .....	41	3,221	4.87	382,621
Butylene .....	29	3,874	4.87	650,587
Butadiene .....	36	6,507	4.87	880,216
Ethylene .....	47	63,925	4.87	6,623,746
Methane .....	37	9,503	3.44	883,528
Naphthalene .....	10	280	4.87	136,486
Propylene .....	60	28,930	4.87	2,348,154
Toluene .....	114	10,377	4.87	443,303
Xylene .....	92	14,936	4.87	790,648
Inorganic chemicals, total .....	439	N/A	N/A	474,770
Ammonia .....	109	14,832	2.64	359,244
Antimony .....	23	12	4.45	2,361
Antimony trioxide .....	32	95	3.75	11,131
Arsenic .....	16	4	4.45	999
Arsenic trioxide .....	21	79	3.41	12,781
Barium sulfide .....	6	108	2.30	41,258
Bromine .....	10	820	4.45	364,754
Cadmium .....	31	14	4.45	1,938
Chlorine .....	57	41,467	2.70	1,964,243
Chromium .....	23	88	4.45	17,064
Chromite .....	21	1,686	1.52	122,062
Potassium dichromate .....	7	1	1.69	157
Sodium dichromate .....	14	162	1.87	21,704
Cobalt .....	31	27	4.45	3,900
Cupric sulfate .....	37	142	1.87	7,163
Cupric oxide .....	21	35	3.59	6,033
Cuprous oxide .....	8	17	3.97	8,343
Hydrochloric acid .....	94	8,327	.29	25,689
Hydrogen fluoride .....	22	1,240	4.23	238,375
Lead oxide .....	42	1,580	4.14	155,715
Mercury .....	13	9	4.45	3,162
Nickel .....	33	534	4.45	72,113
Phosphorus .....	14	1,661	4.45	527,846
Stannous chloride .....	8	7	2.85	2,470
Stannic chloride .....	10	36	2.12	7,672
Zinc chloride .....	24	105	2.22	9,669
Zinc sulfate .....	27	127	1.90	8,929
Potassium hydroxide .....	28	1,360	.22	10,688
Sodium hydroxide .....	86	42,320	.28	137,785
Sulfuric acid .....	114	40,463	.26	92,284
Nitric acid .....	46	6,523	.24	34,033
Unallocable chemicals .....	119	n.a.	n.a.	428
Hazardous waste .....	130	7,305	2.13	119,697

n.a. - not available.

N/A - Not applicable.

<sup>1</sup> Detail in column 1 may not add to any meaningful total because businesses may report more than one of the indicated substances.<sup>2</sup> Number of barrels.<sup>3</sup> Rate per barrel.

NOTE: Detail may not add to total because of rounding.

# Estate Tax Returns Revisited, 1916–1931

By Kathy Medve\*

This article is the first in a series on the history of Federal estate taxation which will shed light on changes over time in the United States concentration of wealth and the intergenerational transfer of wealth. The period from 1916 (the inception of the tax) through 1931 will be examined first, based on a complete statistical reprocessing of estate tax returns for these years.

This 16-year period was a turbulent time in the history of the United States. The wealthy were not exempt from its effects, as reflected in estate tax data for this early period. Due to the Great Depression, by 1931 reported total gross estate had declined nearly 30 percent over the high point it had reached in 1929. In fact, wealth concentration in the United States seems to have peaked in 1929 [1]; by 1982, for instance, millionaire decedents were less wealthy than predecessors—their reported average gross estate (in 1982 dollars) was \$2.6 million as compared to \$4.2 million in 1929 [2,3].

In addition to producing revenue, a major purpose of the estate tax is to restrict the concentration of wealth in the United States [4]. Because only the most affluent are subject to the tax, estate tax returns provide a look at roughly the wealthiest 1 percent of Americans who died from 1916 through 1931 (see Figure A). Comparing this period to a more recent year, 1982, reveals strong economic and social similarities as well as differences.

## HISTORICAL HIGHLIGHTS

For the United States, 1916 through 1931 was a period marked by dramatic changes in the economy, as prosperity gave way to the greatest economic collapse in U.S. history, the Great Depression. Consequently, the valuation of gross estate and, in turn, the number of estate tax returns filed varied greatly depending upon the economic conditions at the time of death.

In 1917, the United States declared war on Germany, resulting in its rapid conversion from a peacetime to a wartime economy and subsequently fostering the expansion of foreign trade and major increases in the money supply. For year of death 1917, there were 8,275 estate tax decedents with a total of \$1.8 billion in gross assets. By 1919, the number of returns had increased by over 25 percent while gross estate rose by 31 percent (see Table 1) [5].

After World War I, the Federal Government drastically curtailed spending, thereby contributing to a severe depression in 1921. During 1921 consumer prices dropped nearly 11 percent, while wholesale prices dropped by more than a third. In addition, Gross National Product and National Income also decreased substantially, by 24 percent and 19 percent, respectively (see Figure B) [6]. Estate tax returns for those decedents who died in 1921 also reflect the impact of the depression on the economy; reported gross estate decreased from \$2.7 billion for 1920 decedents to \$2.3 billion for 1921 [7].

With the exception of late 1929, the remainder of the 1920's was a prosperous time. In 1926 the Government increased the filing requirement (from \$50,000 to \$100,000 of gross estate) to ensure that estate tax returns were required to be filed for only the wealthiest segment of the population. Despite this increase, gross estate continued to escalate, increasing from \$2.6 billion in 1922 to over \$4 billion in 1929, a reflection of the strong economy at that time. The steadily climbing percentage of gross estate held by decedents with \$1 million or more gross estate provides further evidence of the strength of the economy in this period (see Figure C) [8]. By 1929, nearly half of the gross assets on estate returns were held by the 8.6 percent of the decedents who had wealth of \$1 million or more. The United States had entered an era of apparent never-ending prosperity.

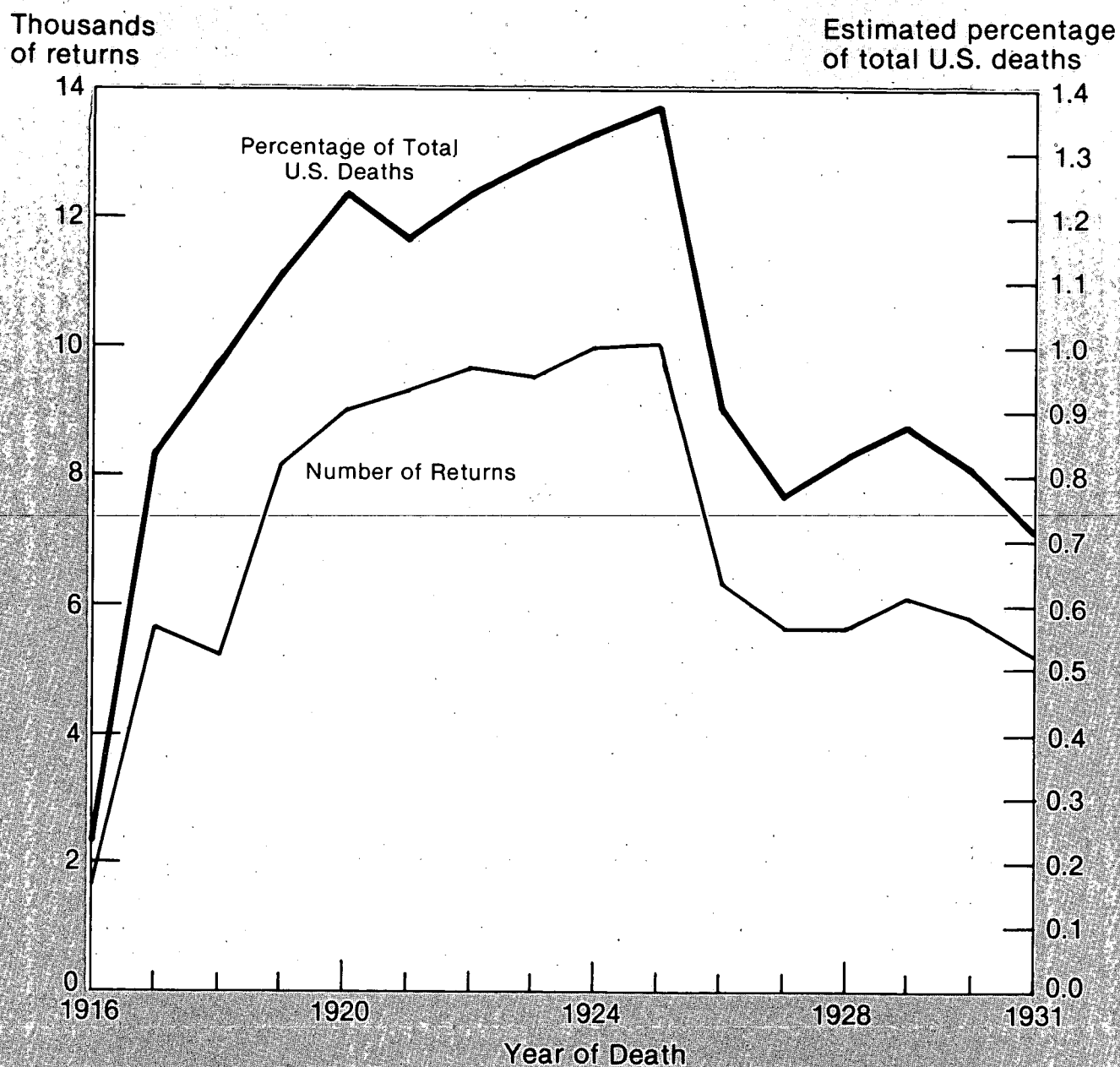
This illusion was shattered on October 29, 1929, with the collapse of the stock market and later the banking system. The effects of the Depression on the estate tax were first felt mainly in 1930, with reported total gross estate decreasing by about 5 percent. It wasn't until 1931, though, that gross estate experienced a significant decrease, declining from \$3.9 billion in 1930 to \$2.9 billion in 1931.

## PORTFOLIO COMPOSITION

Numerous studies by both the Internal Revenue Service and outside researchers have noted the fact that the asset composition of estates varies considerably with the size of the estate [e.g. 9–11]. Included here, for the first time, is confirmation of this phenomenon for the very earliest period of the estate tax. In what follows, attention is confined to estate tax decedents with \$1 million or more (current dollars) in gross assets [12].

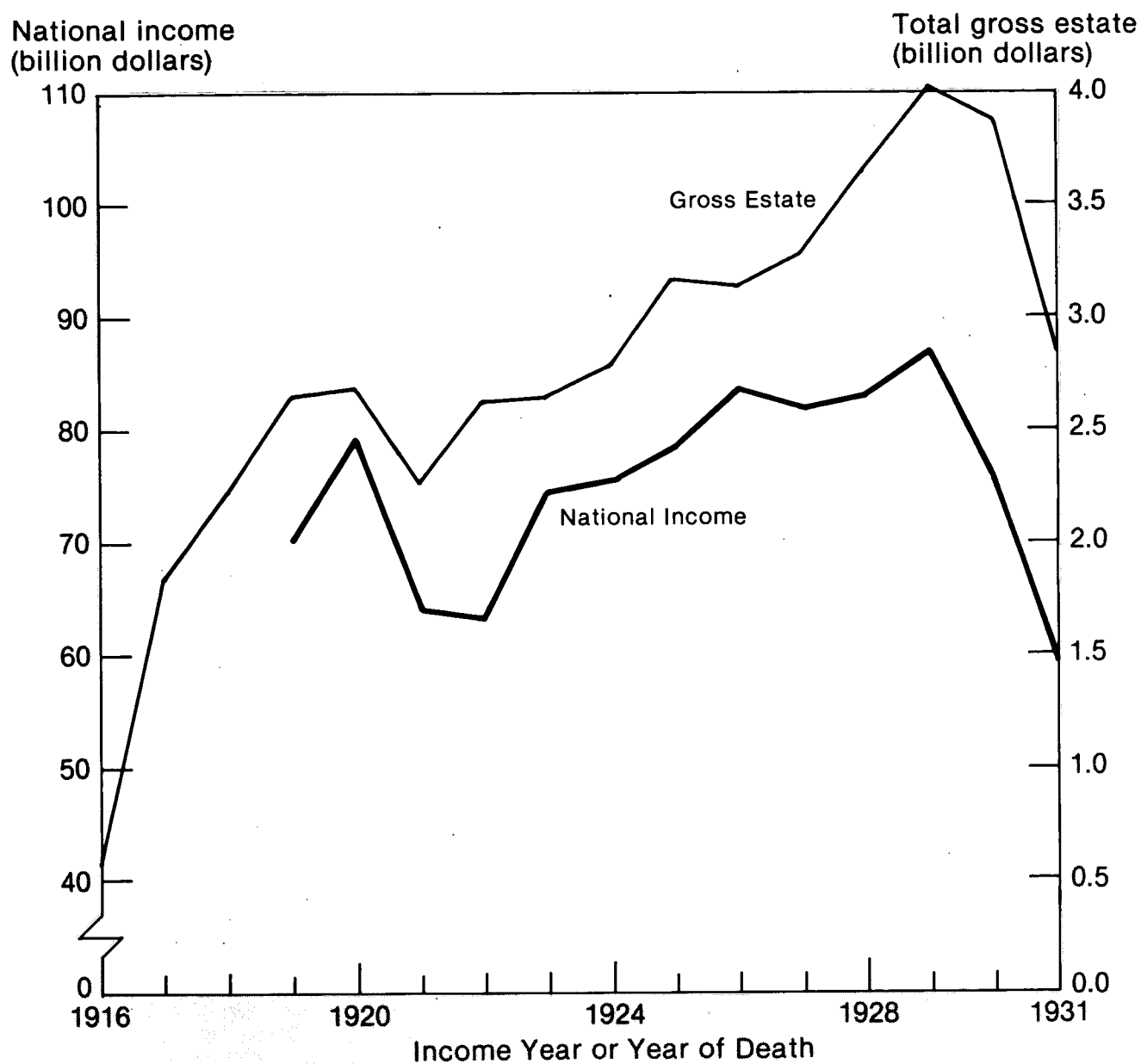
\*Foreign Special Projects Section. Prepared with the assistance of Marvin Schwartz under the direction of Michael Alexander, Chief.

Figure A.

**Estate Tax Returns As a Percentage of Total U.S. Deaths, Years of Death 1916-1931**

Note: The estate tax did not become effective until September 9, 1916. Initially the gross estate filing limit was set at \$50,000. On February 26, 1926, the filing threshold was raised to \$100,000; it remained there until June 6, 1932, when it was again lowered to \$50,000.

Figure B.

**Gross Estate and National Income, 1916-1931**

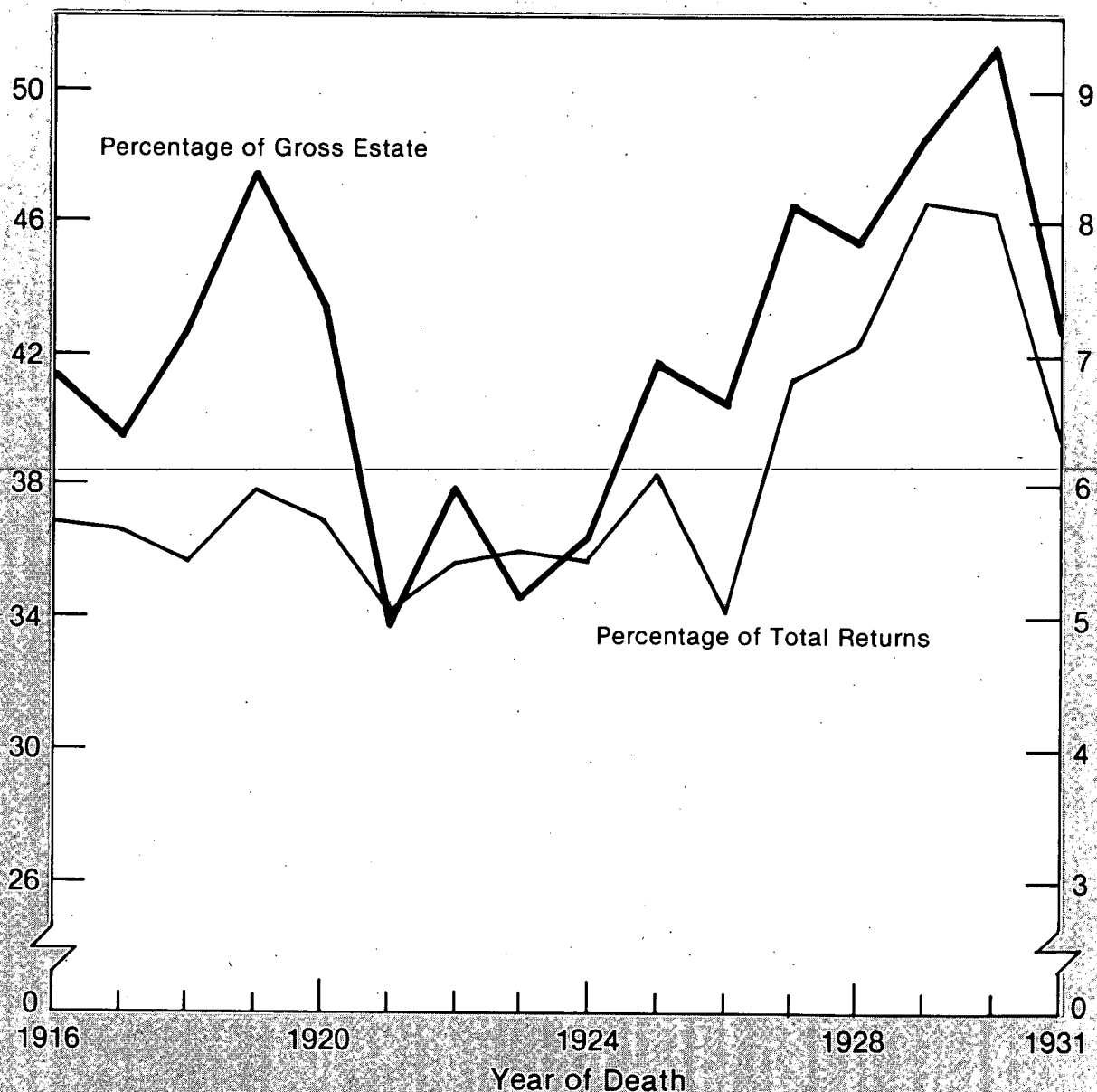
Note: U.S. Bureau of the Census, *Historical Statistics of U.S., Colonial Times to 1970, Bicentennial Edition*, 1975. Figures for National Income are in billions of current dollars. Gross estate is in current dollars and is by year of death. Previously published *Statistics of Income* data for this period were by year of filing rather than year of death and hence are not directly comparable.

Figure C.

### Estate Tax Returns With Gross Estate \$1 Million or More: Number of Returns and Gross Estate As a Percentage of Totals, Years of Death, 1916-1931

Percentage of  
gross estate

Percentage of  
total returns



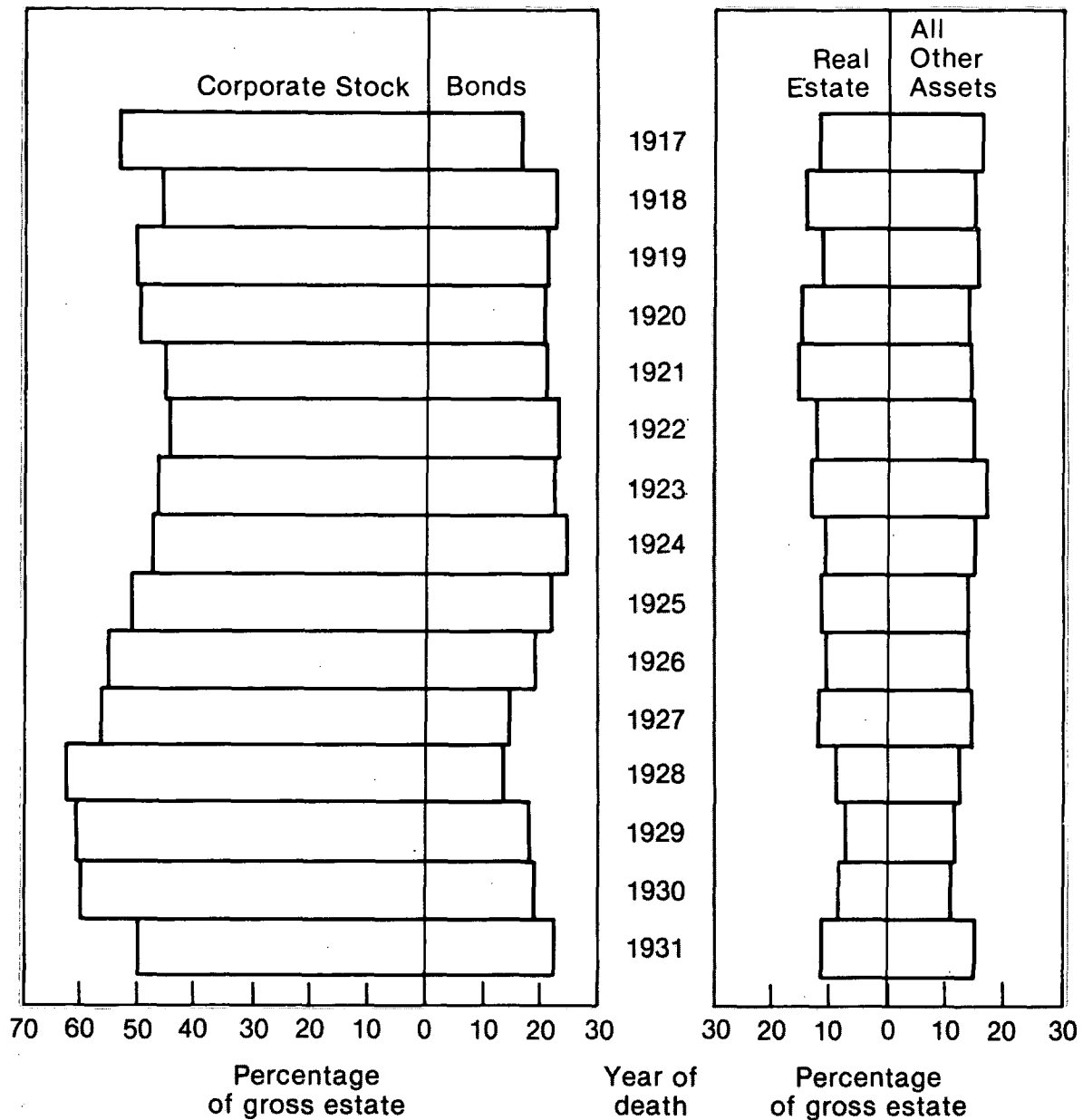
Note: Percentages are based on number of returns and gross estate reported for decedents with \$100,000 or more of gross estate.

For 1917 through 1931, corporate stock was consistently the dominant asset among millionaire estate tax decedents (see Figure D) [13]. The percentage of gross estate represented by corporate stock reached a high of 63 percent for 1928 decedents. This may be largely attributable to the 379

percent rise in stock prices generated by soaring corporate profits between 1921 and 1929 (see Figure E) [14]. By 1931, though, with the crash of the stock market, holdings in corporate stock had declined to 51 percent of gross assets for millionaire decedents.

Figure D.

**Estate Tax Returns With Gross Estate \$1 Million or More: Holdings by Type As a Percentage of Gross Estate, Years of Death, 1917-1931**

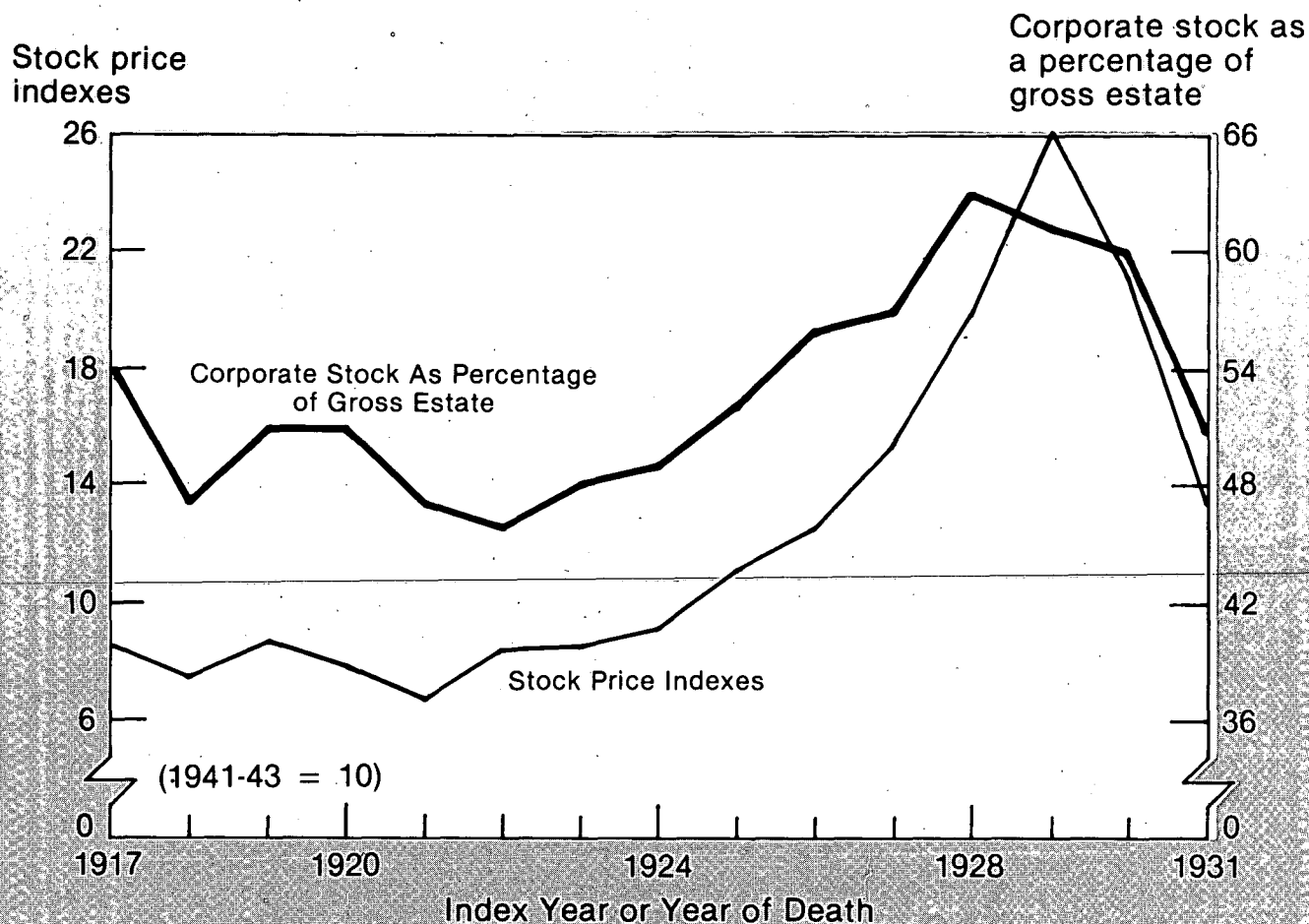


Note: The estate tax was not instituted until September 1916. The first year is not shown here because of the small number of estate tax decedents with gross estate of \$1 million or more (71 returns).

For estate tax millionaires, bonds were the second most favored investment. However, as the portion of the assets held as corporate stock increased, bonds generally showed

a corresponding decline. This is most notable in 1928, when bonds comprised only 14 percent of all assets for millionaire decedents.

Figure E.

**Estate Tax Returns With Gross Estate \$1 Million or More: Corporate Stock As a Percentage of Total Gross Estate and Stock Price Indexes, 1917-1931**

Source: Stock prices indexes were obtained from Standard and Poor's *Security Price Index Record*, 1986.

The proportion of assets held as real estate varied between 16 percent for 1921 millionaire decedents to 9 percent for 1929 and 1930 decedents. Lent studied the decline in real estate over this period and attributed it to "the collapse in land values after the boom of the early 1920's and possibly in part to increased incorporation of such holdings. It may also reflect the breakup of large estates upon which so many early fortunes were founded" [15]. All other assets (including cash, life insurance, and noncorporate business assets) were considerably less important in the portfolios of

the millionaire decedents, totaling between 13 and 17 percent of total assets for each year from 1917 through 1931.

**DEMOGRAPHIC INFORMATION**

In addition to information about the composition of asset holdings, estate tax returns also provide selected demographic information. A number of important trends in the sex and age of early estate tax decedents are revealed in Table 2.

For years of death 1916 through 1931, male decedents greatly outnumbered female decedents (by about 3 to 1). However, the number of female decedents increased relative to males during this period, from a low of 24 percent in 1919 to 30 percent in 1931.

The average age of estate tax decedents from 1919 (the first year that age was required to be reported) through 1931 was 68 years (see Figure F). Female decedents were an average age of 70, 3 years older than the average age of the male decedents. However, there appears to be a trend toward the widening of the male-female gap in the average age of death over the period, from about 2 years to about 4 years. For all decedents, average age declined by 0.6 in 1929 and then began rising again thereafter [16].

**Figure F.—Average Age of Estate Tax Decedents by Sex and Year of Death, 1919–1931**

Year of death	All estate tax decedents	Male	Female	Age difference male vs. female
	(1)	(2)	(3)	(4)
1919 .....	67.0	66.7	68.3	1.6
1920 .....	67.1	66.5	69.2	2.7
1921 .....	67.6	66.9	69.8	2.9
1922 .....	67.7	67.0	69.6	2.6
1923 .....	68.0	67.3	69.8	2.5
1924 .....	67.9	67.2	69.9	2.7
1925 .....	68.1	67.2	70.5	3.3
1926 .....	68.3	67.3	70.8	3.5
1927 .....	68.2	67.2	70.6	3.4
1928 .....	68.2	67.2	70.9	3.7
1929 .....	67.6	66.7	70.0	3.3
1930 .....	67.8	66.6	70.8	4.2
1931 .....	68.6	67.4	71.3	3.9

NOTE: Age was not required to be reported on the return until 1919.

## COMPARISONS WITH 1982 DATA

Although the estate tax has undergone many changes since its inception in 1916, its structure has remained essentially intact. The amount of gross estate and the demographic characteristics of that period may, however, be meaningfully compared to those of 1982 because the definition of gross estate has not changed.

Because the most recent published estate tax data are for 1982, they will be used in making comparisons. To eliminate the effects of changes in the filing threshold and of inflation, only those decedents with \$1 million or more (1982 dollars) gross estate are included. The gross estate of these decedents reached a peak of \$25.9 billion in 1929. This compares to \$24.0 billion in 1982. Average gross estate for millionaires reached its peak of over \$4 million in the 1929-30 period as compared to \$2.6 million for 1982 (see Table 3).

The percentage of male millionaire estate tax decedents was about 70 percent in 1931 contrasting to 61 percent in 1982. For all years, men were wealthier than women; indeed, the difference remained fairly constant, at about 14 percent, for the 1916-31 period as well as for 1982.

The average age of estate tax decedents was 68.6 for 1931 as compared to 74.1 for 1982. The difference in age between males and females, 3.9 years in 1931, was even more pronounced in 1982. Female decedents averaged 78.1 years of age as compared to 71.6 for male decedents, a difference of 6.5 years. Among males, the percentage of estate tax decedents age 70 or older was greater in 1982, 60.4 percent as compared to 46.5 percent in 1931. This pattern was observable for both sexes (see Figure G). The increase in the average age of estate tax decedents is a reflection of the increases in life expectancy in virtually all socio-economic groups since the 1920's.

**Figure G—Percentage of Estate Tax Decedents by Age and Sex, Years of Death 1931 and 1982**

Age Group	1931		1982	
	Males	Females	Males	Females
	(1)	(2)	(3)	(4)
Under 60 years .....	24.4%	15.6%	17.5%	8.8%
60-69 years .....	29.1	22.8	22.1	12.4
70 years or more .....	46.5	61.6	60.4	78.9

## SUMMARY

An early segment of U.S. twentieth century history is reflected in estate tax data for decedents who died from 1916 through 1931. Both wartime prosperity and the Great Depression figured prominently during this period. During the prosperous 1920's, the rich grew richer. By 1931, however, reported gross estate had declined nearly 30 percent from its all-time high in 1929. One of the most striking indications of the fall in the concentration of wealth since the 1920's is the drop in the average size of gross estate in 1982 dollars for millionaire decedents, from over \$4 million in the 1929-30 period to \$2.6 million for 1982.

In addition to economic trends, estate tax data reveal social trends at work among the top wealthholders during this period. For example, while male decedents outnumbered female decedents by about 3 to 1, estate tax data point to an increasing percentage of the Nation's wealth being held by women. Estate tax data also reflect the increased longevity gap between men and women. Whereas, in 1919 male decedents had an average age of 66.7 years and females 68.3 years, by 1930 the average difference in age between male and female decedents had increased from 1.6 years to 4.2 years. This pattern was noticeable in the 1980's; indeed by 1982, the male-female longevity gap was 6.5 years. Due to an increase in life expectancy, the average age of estate tax decedents was 68.6 for 1931 as compared to 74.1 in 1982.

## DATA SOURCE AND LIMITATIONS

The data provided in this article are based on Federal estate tax returns, Forms 706, filed for citizen and resident alien decedents with years of death 1916 through 1931. The returns used in the study were previously stored at the

Seattle Federal Archives and Record Center. They were filed by year of death except for a small portion of returns that were misfiled (probably the result of delays in filing). A very small number of returns (the most being .07 percent for 1931) are missing from the tables in this article but will be included in revised tables published at a later date.

Since nearly all of the returns are included in the statistics, the data are not subject to sampling error. They are, nevertheless, subject to nonsampling error. For example, the asset figures may be understated because they are pre-audit figures abstracted directly from the returns. Generally asset valuations increase as a result of audit, although no exact measure of this is available for the period 1916-31. However, information on valuation changes made during auditing is available in a study by Harris based on tabulations of 17,825 estate tax returns audited in 1941. Based on these data, Harris showed an upward adjustment of about 10 percent [17].

All the statistical information included here is based on a complete reprocessing of estate tax returns for 1916 through 1931. These new figures do not exactly match the summary tabulations on estate tax returns published in the *Statistics of Income* volumes for that period. The main difference, other than the greater level of asset detail and the size distributions now available, is that the earlier statistics were based on year of filing rather than year of death.

A number of steps were taken during the reprocessing of these early estate tax returns to ensure that the errors introduced in handling them were kept to a minimum. A quality review of the data abstracting process showed that a high degree of accuracy was achieved [18].

## DEFINITIONS

The definitions of terms used in this article, summarized below, are essentially the same as those included in previous SOI publications relating to estate taxation [19].

**Sex of decedent** — The classification of the sex of the decedent was determined from the given name or title of the decedent (i.e., Mr., Mrs. or Miss) and any other relevant information on the return. For the earlier years it was more difficult to determine the decedent's sex. Sex was not discernable for 4.6 percent of the returns in 1917 and decreased to a low of .07 percent in 1930.

**Age of decedent** — Age of decedent was not included on most returns (17,212 of 20,415) filed prior to 1919. From then on, age reporting was fairly complete. The percentage of returns not reporting age of decedent ranged from a high of 22.5 for 1919 to a low of 7.4 percent for 1923.

**Year of death** — Virtually all returns (less than .01 percent) reported the decedent's year of death.

**Year of filing** — During the period covered in this article, estate tax returns were required to be filed within 1 year of the date of death. Based on the number of returns filed each year, estimates have been made by Mendershausen [9] and Lampman [10] on the number of returns for each year of death. Figure H shows the accuracy of their estimates.

**Figure H.—Comparison of Inferred and Actual Year of Death for Estate Tax Return Decedents, 1916-1931**

Year of death	Mendershausen and Lampman	Present study	Column (1) divided by Column (2)
	(1)	(2)	(3)
1916-1921 .....	54,433	55,682	0.9776
1922 .....	13,013	12,414	1.0483
1923 .....	12,403	12,890	0.9622
1924 .....	14,013	13,282	1.0550
1925 .....	13,142	13,746	0.9561
1926 .....	9,353	9,024	1.0365
1927 .....	8,079	7,640	1.0575
1928 .....	8,582	8,272	1.0375
1929 .....	8,798	8,774	1.0027
1930 .....	8,333	8,139	1.0238
1931 .....	7,113	7,122	0.9987
1916-1931 .....	157,262	156,985	1.0018

NOTE: Column (1) uses published data from annual volumes of *Statistics of Income*.

**Gross estate** — For estate tax purposes, gross estate consisted of all property, valued as of the date of death, owned by the decedent, or interests in such property before reduction by debts (except policy loans against insurance) and mortgages, or by administration expenses. Gross estate included such items as real estate, tangible and intangible personal property, certain lifetime gifts made by the decedent, property in which the decedent had a general power of appointment, the decedent's interest in annuities receivable by the surviving beneficiary, the decedent's share in community property, life insurance proceeds (even though payable to beneficiaries other than the estate), dower or courtesy of the surviving spouse (inherited property) and, with certain exceptions, joint estates with right of survivorship and tenancies by the entirety.

**Real estate** — This asset class included the full value, not equity, of business or personal real property (land, buildings, improvements, and natural resources) owned or under contract to purchase by the decedent if situated principally in the United States. Any accrued rent on the real property was required to be included in the total.

**Corporate stock** — This category included all common, preferred, and debenture stock, listed or unlisted, of domestic and foreign corporations, including stock in closely-held corporations. Also included were certificates of deposit issued for stock, stock scrip, and dividends accrued on all stocks.

**Bonds** — These included State, county, city, municipal, and district Government bonds and bonds of U.S. possessions; even though the interest from such issues might have been tax-exempt for Federal income tax purposes. All is-

sues of the U.S. Government and its instrumentalities were also included under this heading. Finally, included were bonds and notes issued by private domestic corporations and foreign bonds whether government or corporate.

**Other Assets** — This residual group was comprised of cash including currency on hand or in safety deposit boxes, checking accounts, bank deposits and notes, and savings and loan accounts, life insurance payable to the estate and, beginning in 1918, insurance payable to other beneficiaries if in excess of \$40,000. Also included were promissory notes, loans, debts due the decedent, mortgages, trust deeds, and contracts to sell land (including the accrued interest associated with them); the fair market value of unincorporated business assets of the decedent, exclusive of real estate (for example, such items as machinery, accounts receivable, and inventories and other merchandise used in the business); and finally personal effects, royalties, patent and mineral rights, automobiles, cemetery lots and the like.

#### NOTES AND REFERENCES

- [1] Smith, James D. and Franklin, Stephen D., "The Concentration of Personal Wealth, 1922-1969," *American Economic Review*, May 1974, Volume 64, Number 2, pp. 162-167.
- [2] Schwartz, Marvin, "Preliminary Estimates of Personal Wealth, 1982: Composition of Assets," *Statistics of Income Bulletin*, Winter 1984-85, pp. 1-17.
- [3] Bentz, Mary, "Estate Tax Returns, 1983," *Statistics of Income Bulletin*, Fall 1984, pp. 1-13.
- [4] Shoup, Carl S., *Federal Estate and Gift Taxes*, The Brookings Institution, 1966.
- [5] Unless otherwise indicated, all amounts in this article are in current dollars.
- [6] U.S. Bureau of the Census, *Historical Statistics of U.S., Colonial Times to 1970, Bicentennial Edition*, 1975, pp. 200, 211, 224.
- [7] For the 1916-31 period, all assets reported on estate tax returns were valued as of the date of death. It was not until 1935 that an alternate valuation method was permitted, whereby total gross estate could be valued up to 1 year after the date of death.
- [8] In order to provide a more accurate representation, the effect of the changing filing requirement during the period was eliminated by including only those returns for decedents with gross estates of \$100,000 or more in current dollars.
- [9] Mendershausen, Horst, "The Pattern of Estate Tax Wealth, Vol. III," *A Study of Savings in the United States*, ed. Raymond W. Goldsmith, Princeton University Press, 1956.
- [10] Lampman, Robert J., *The Share of Top Wealthholders in National Wealth, 1922-56*, Princeton University Press, 1962.
- [11] Smith, James and Calvert, Staunton, "Estimating the Wealth of Top Wealthholders from Estate Tax Returns," *1965 Proceedings of the American Statistical Association, Business and Economics Statistics Section*, 1965.
- [12] Due to budget limitations, millionaire decedents are the only group of decedents for which complete asset information is available for every year during the 1916-31 period. (A sample of returns for decedents with gross estate less than \$1 million was taken for years of death 1916 through 1920 and 1928 through 1930.)
- [13] The estate tax was not instituted until September 9, 1916. Due to the small number of estate tax decedents with \$1 million or more gross estate, 71 returns, 1916 is not included.
- [14] Standard and Poor Corporation, *Security Price Index Record*, 1986.
- [15] Lampman, 1962, *op. cit.*, p.137.
- [16] The atypically narrow age gap between male and female decedents for 1919, may in part reflect the influenza epidemic which killed approximately 500,000 in the United States, most of them below the age or 40.
- [17] Harris, C. Lavell, "Wealth Estimates as Affected by Audit of Estate Tax Returns," *National Tax Journal*, December 1949, pp. 316-333.
- [18] U.S. Department of the Treasury, Internal Revenue Service, *Processing Procedures and Findings: Working Notes on Quality*, Statistics of Income Division, September 1986, pp. 67-69.
- [19] The definitions included here are covered in greater detail in earlier SOI publications. See, for example, Gilmour, L. Keith, *Statistics of Income—1976, Estate Tax Returns*.

## Estate Tax Returns Revisited, 1961-31

Table 1.—Number of Returns and Gross Estate by Size of Gross Estate and by Year of Death, 1916-31

[Money amounts are in thousands of dollars]

Year of death	Number of returns	Gross estate	Size of gross estate					
			Under \$100,000 <sup>1</sup>		\$100,000 under \$150,000		\$150,000 under \$250,000	
			Number of returns	Gross estate	Number of returns	Gross estate	Number of returns	Gross estate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1916 <sup>1</sup>	2,365	570,714	1,128	78,722	435	52,957	349	66,349
1917	8,275	1,831,044	4,205	291,995	1,539	185,766	1,117	213,885
1918	9,775	2,206,941	5,099	351,237	1,820	221,143	1,241	237,131
1919	11,119	2,657,620	5,851	399,318	2,027	246,777	1,482	282,332
1920	12,483	2,696,684	6,770	460,285	2,244	272,701	1,598	304,385
1921	11,665	2,287,420	6,287	423,273	2,029	246,051	1,545	295,286
1922	12,414	2,636,791	6,560	440,079	2,186	266,057	1,625	309,688
1923	12,890	2,645,542	6,787	458,343	2,238	272,189	1,716	329,606
1924	13,282	2,799,001	6,830	464,453	2,398	290,928	1,772	339,261
1925	13,746	3,194,920	6,902	473,547	2,468	299,786	1,931	371,868
1926	9,024	3,123,881	1,775	124,000	2,420	296,514	2,083	399,354
1927	7,640	3,283,053	446	34,038	2,272	278,507	2,057	393,277
1928	8,272	3,639,779	414	32,770	2,339	288,678	2,258	433,353
1929	8,774	4,078,632	404	29,888	2,438	301,594	2,358	452,193
1930	8,139	3,891,032	412	30,085	2,318	285,741	2,222	426,829
1931	7,122	2,864,471	483	34,733	2,038	250,667	1,986	379,781

Year of death	Size of gross estate—Continued					
	\$250,000 under \$500,000		\$500,000 under \$1,000,000		\$1,000,000 or more	
	Number of returns	Gross estate	Number of returns	Gross estate	Number of returns	Gross estate
	(9)	(10)	(11)	(12)	(13)	(14)
1916 <sup>1</sup>	270	93,315	112	76,769	71	202,601
1917	811	279,391	372	255,689	231	604,318
1918	958	328,701	403	276,919	254	791,810
1919	963	333,309	482	329,876	314	1,066,008
1920	1,077	370,900	466	320,748	328	967,665
1921	1,045	361,046	488	333,348	271	628,416
1922	1,179	408,703	548	379,120	316	833,144
1923	1,231	424,945	583	401,702	335	758,757
1924	1,363	471,372	570	386,421	349	846,568
1925	1,415	487,637	611	423,837	419	1,138,246
1926	1,570	538,770	722	502,873	454	1,262,369
1927	1,627	562,638	719	490,459	519	1,524,135
1928	1,805	630,523	869	603,423	587	1,651,033
1929	1,927	664,686	931	649,575	716	1,980,697
1930	1,740	607,283	793	551,174	654	1,989,920
1931	1,471	508,865	693	472,143	451	1,218,281

<sup>1</sup> The estate tax was not instituted until September 9, 1916.<sup>2</sup> On February 26, 1926, the estate tax filing requirement was raised from \$50,000 to \$100,000.**Note:** Detail may not add to total because of rounding.

Table 2.—Number of Returns and Gross Estate, by Age and Sex of Decedent and Year of Death, 1919-31

[Money amounts are in thousands of dollars]

Age and year of death	Number of returns	Gross estate	Male decedents		Female decedents	
			Number	Gross estate	Number	Gross estate
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All decedents:</b>						
1919 .....	11,119	2,657,620	8,338	2,132,920	2,601	497,829
1920 .....	12,483	2,696,684	9,316	2,132,557	2,995	537,565
1921 .....	11,665	2,287,420	8,681	1,708,985	2,842	557,942
1922 .....	12,414	2,636,791	9,069	2,004,570	3,203	613,190
1923 .....	12,890	2,645,543	9,267	1,944,026	3,496	681,539
1924 .....	13,282	2,799,001	9,604	1,975,356	3,572	809,069
1925 .....	13,746	3,194,920	9,824	2,404,123	3,839	777,498
1926 .....	9,024	3,123,881	6,551	2,360,773	2,457	760,123
1927 .....	7,640	3,283,053	5,451	2,506,600	2,180	775,328
1928 .....	8,272	3,639,779	5,944	2,805,044	2,321	833,499
1929 .....	8,774	4,078,632	6,273	3,056,855	2,495	1,020,788
1930 .....	8,139	3,891,032	5,831	2,933,418	2,303	956,609
1931 .....	7,122	2,864,471	4,992	2,042,292	2,122	820,435
<b>Under 40 years:</b>						
1919 .....	258	61,560	185	43,583	69	17,126
1920 .....	316	54,211	221	38,875	91	15,024
1921 .....	230	31,892	176	21,869	54	10,023
1922 .....	226	36,076	164	24,750	59	10,980
1923 .....	233	49,962	160	38,995	71	10,862
1924 .....	230	54,584	167	36,773	62	17,748
1925 .....	237	38,346	175	26,093	61	12,199
1926 .....	150	34,112	113	25,579	37	8,533
1927 .....	128	44,953	85	28,426	41	16,236
1928 .....	141	46,225	107	37,403	34	8,822
1929 .....	177	88,241	124	69,124	53	19,117
1930 .....	150	49,658	105	36,368	45	13,290
1931 .....	103	31,075	75	24,014	28	7,061
<b>40 to 49 years:</b>						
1919 .....	569	102,371	454	81,828	112	20,150
1920 .....	757	126,552	626	102,466	126	23,549
1921 .....	632	110,930	513	88,354	118	22,308
1922 .....	717	130,266	560	105,808	154	24,301
1923 .....	718	133,605	548	96,426	165	36,297
1924 .....	724	152,246	570	97,113	152	54,973
1925 .....	710	137,346	550	107,244	157	29,623
1926 .....	456	114,364	369	94,240	87	20,124
1927 .....	399	173,056	308	144,214	91	28,842
1928 .....	437	173,601	361	150,081	76	23,520
1929 .....	473	159,085	372	121,856	101	37,229
1930 .....	463	165,356	370	130,088	93	35,268
1931 .....	362	114,827	284	90,064	77	24,483
<b>50 to 54 years:</b>						
1919 .....	580	120,115	461	102,577	113	16,340
1920 .....	762	222,523	635	195,698	122	25,866
1921 .....	691	113,800	576	95,554	112	17,663
1922 .....	753	167,249	609	143,375	142	23,456
1923 .....	789	162,683	609	122,894	174	39,198
1924 .....	807	143,022	627	110,962	176	31,802
1925 .....	810	190,520	647	154,197	158	35,835
1926 .....	534	168,852	410	135,237	123	33,413
1927 .....	443	326,000	352	296,517	91	29,483
1928 .....	474	190,533	378	158,799	95	31,610
1929 .....	505	218,497	400	182,129	105	36,368
1930 .....	436	189,219	348	146,444	88	42,775
1931 .....	405	166,553	323	144,718	82	21,836
<b>55 to 59 years:</b>						
1919 .....	854	180,604	698	156,045	148	23,731
1920 .....	1,013	230,107	833	200,928	171	27,937
1921 .....	936	181,855	756	150,777	167	29,324
1922 .....	1,001	192,387	790	157,319	201	34,190
1923 .....	1,080	237,141	839	196,262	223	36,938
1924 .....	1,204	226,155	955	186,780	241	38,718
1925 .....	1,178	270,380	922	228,036	249	41,587
1926 .....	747	256,806	590	214,486	155	42,080
1927 .....	628	208,711	518	172,792	110	35,919
1928 .....	702	283,004	544	231,277	158	51,726
1929 .....	797	381,979	603	301,822	194	80,157
1930 .....	698	427,845	574	364,222	122	63,272
1931 .....	561	231,277	446	184,437	115	46,840

## Estate Tax Returns Revisited, 1961-31

Table 2.—Number of Returns and Gross Estate, by Age and Sex of Decedent and Year of Death, 1919-31—Continued

[Money amounts are in thousands of dollars]

Age and year of death	Number of returns	Gross estate	Male decedents		Female decedents	
			Number	Gross estate	Number	Gross estate
	(7)	(8)	(9)	(10)	(11)	(12)
<b>60 to 64 years:</b>						
1919 .....	1,140	294,306	891	239,314	232	53,294
1920 .....	1,425	271,629	1,147	229,797	268	40,289
1921 .....	1,351	231,363	1,073	181,647	271	48,908
1922 .....	1,448	305,632	1,132	244,757	305	59,407
1923 .....	1,573	298,854	1,242	237,873	323	60,135
1924 .....	1,633	323,644	1,263	253,471	358	68,185
1925 .....	1,566	370,034	1,206	301,145	353	67,686
1926 .....	989	331,473	784	279,063	205	52,410
1927 .....	891	368,373	697	311,247	194	57,126
1928 .....	989	407,328	771	342,240	217	64,976
1929 .....	1,076	551,100	839	421,515	237	129,586
1930 .....	1,007	440,380	816	371,638	191	68,742
1931 .....	817	267,326	633	213,577	184	53,749
<b>65 to 69 years:</b>						
1919 .....	1,233	466,694	960	417,551	259	47,481
1920 .....	1,488	318,730	1,132	253,122	337	61,526
1921 .....	1,432	315,872	1,119	249,813	297	62,289
1922 .....	1,639	309,107	1,239	248,751	380	58,434
1923 .....	1,780	365,720	1,330	281,882	442	81,490
1924 .....	1,836	394,354	1,356	302,968	464	89,769
1925 .....	1,939	491,210	1,450	399,581	480	89,507
1926 .....	1,378	489,508	1,068	406,998	308	82,183
1927 .....	1,164	447,378	876	339,930	287	107,342
1928 .....	1,135	465,981	840	346,461	295	119,520
1929 .....	1,201	559,055	918	456,566	283	102,488
1930 .....	1,133	560,060	845	464,442	287	95,208
1931 .....	966	369,064	709	283,141	256	85,736
<b>70 to 74 years:</b>						
1919 .....	1,350	301,851	1,019	241,861	316	56,518
1920 .....	1,694	444,056	1,217	364,764	457	75,770
1921 .....	1,663	354,447	1,219	266,507	424	86,264
1922 .....	1,811	372,175	1,297	277,123	482	90,127
1923 .....	1,876	411,452	1,337	315,979	518	91,847
1924 .....	1,863	471,784	1,326	291,243	523	176,863
1925 .....	1,938	433,758	1,355	322,492	573	109,511
1926 .....	1,271	456,793	914	348,155	353	107,922
1927 .....	1,084	449,084	770	334,769	312	114,048
1928 .....	1,196	580,914	843	444,123	352	136,659
1929 .....	1,312	685,815	931	513,850	379	171,713
1930 .....	1,282	617,028	907	474,544	375	142,484
1931 .....	1,105	459,068	749	313,742	356	145,326
<b>75 years or more:</b>						
1919 .....	2,638	656,759	1,895	498,031	694	149,916
1920 .....	3,434	763,236	2,384	563,034	979	190,849
1921 .....	3,235	671,423	2,234	478,885	943	184,301
1922 .....	3,561	895,082	2,410	642,983	1,101	245,524
1923 .....	3,892	826,024	2,558	544,469	1,287	275,476
1924 .....	3,996	858,348	2,665	582,818	1,296	270,486
1925 .....	4,173	1,032,896	2,694	702,508	1,455	326,651
1926 .....	2,755	1,084,326	1,792	726,770	958	356,478
1927 .....	2,285	1,067,433	1,441	743,556	841	323,417
1928 .....	2,522	1,163,641	1,618	826,248	903	336,908
1929 .....	2,481	1,198,826	1,565	828,385	915	370,308
1930 .....	2,315	1,069,020	1,417	659,349	897	409,526
1931 .....	2,231	1,054,091	1,397	686,523	832	366,864
<b>Age not reported:</b>						
1919 .....	2,497	473,362	1,775	352,131	658	113,274
1920 .....	1,594	265,641	1,121	183,873	444	76,755
1921 .....	1,495	275,839	1,015	175,579	456	96,861
1922 .....	1,258	228,817	868	159,706	379	66,772
1923 .....	949	160,102	644	109,247	293	49,297
1924 .....	987	174,865	675	113,226	300	60,525
1925 .....	1,195	230,431	825	162,827	353	64,899
1926 .....	744	187,645	511	130,246	231	56,981
1927 .....	618	198,066	404	135,150	213	62,915
1928 .....	676	328,553	482	268,412	191	59,758
1929 .....	752	236,034	521	161,608	228	73,822
1930 .....	655	372,465	449	286,322	205	86,043
1931 .....	572	171,190	376	102,077	192	68,541

Note: Detail may not add to total because the sex could not be determined for certain decedents.

**Table 3.—Decedents With Gross Estate \$1 Million or More: Number of Returns and Gross Estate in 1982 Dollars, by Size of Gross Estate and Year of Death, 1916-31 and 1982**

(Money amounts are in thousands of dollars)

Year of death	Gross estate \$1 million or more			Gross estate \$5 million or more		
	Number of returns	Gross estate	Average gross estate	Number of returns	Gross estate	Average gross estate
	(1)	(2)	(3)	(4)	(5)	(6)
1916 .....	1,194	4,734,288	3,965	174	2,688,104	15,449
1917 .....	3,078	11,340,192	3,684	447	6,134,667	13,724
1918 .....	3,243	12,517,778	3,860	447	7,015,593	15,695
1919 .....	3,010	12,356,676	4,105	426	7,280,614	17,090
1920 .....	2,599	9,625,714	3,704	355	5,263,622	14,827
1921 .....	3,218	10,311,007	3,204	393	4,753,393	12,095
1922 .....	3,317	13,594,738	4,099	533	7,044,156	13,216
1923 .....	3,894	12,883,363	3,309	521	6,162,136	11,828
1924 .....	4,164	14,123,348	3,392	532	6,916,153	13,000
1925 .....	4,380	16,183,181	3,695	623	8,788,096	14,106
1926 .....	4,904	18,362,127	3,744	711	10,024,811	14,100
1927 .....	5,096	20,792,808	4,080	780	12,160,870	15,591
1928 .....	5,671	22,928,157	4,043	911	13,222,067	14,514
1929 .....	6,118	25,938,920	4,240	1,093	15,807,346	14,462
1930 .....	5,742	25,831,985	4,499	981	16,232,803	16,547
1931 .....	5,313	20,636,913	3,884	797	11,508,255	14,439
1982 <sup>1</sup> .....	9,241	24,004,055	2,598	672	8,280,810	12,323

<sup>1</sup> Preliminary figure.

# Selected Statistical Series, 1970-1987

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## NOTICE

The data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Selected Years, 1970-1985

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1983	1984	Preliminary 1985
	(1)	(2)	(3)	(4)	(5)	(6)
All returns .....	74,279,831	82,229,332	93,902,469	96,321,310	99,438,708	101,737,544
Form 1040 returns .....	74,279,831	54,527,726	57,122,592	61,211,264	64,533,502	78,978,032
Form 1040A returns .....	N/A	27,701,606	36,779,877	19,453,863	18,431,641	11,503,442
Form 1040EZ returns .....	N/A	N/A	N/A	15,656,183	16,473,565	11,256,070
Adjusted gross income (AGI) .....	631,692,540	947,784,873	1,613,731,497 <sup>1</sup>	1,942,589,865 <sup>1</sup>	2,139,904,356 <sup>1</sup>	2,321,889,535 <sup>1</sup>
Salaries and wages:						
Number of returns .....	66,965,659	73,520,046	83,802,109	83,120,588	85,925,617	87,404,819
Amount .....	531,883,892	795,399,462	1,349,842,802	1,644,572,655	1,807,137,587	1,937,945,104
Interest received:						
Number of returns .....	32,630,355	40,378,240	49,019,575	57,076,334	62,059,703	64,696,388
Amount .....	22,021,267	43,433,554	102,009,444	153,805,163	176,369,305	180,752,463
Dividends after exclusion:						
Number of returns .....	7,729,939	8,853,491	10,738,982	13,326,556	14,259,407	15,469,981
Amount .....	15,806,924	21,892,126	38,761,253	48,556,703	48,640,734	55,439,930
Business or profession net income less loss:						
Number of returns .....	6,159,985	7,242,542	8,881,119	10,682,124	11,237,218	11,940,591
Amount .....	30,554,201	39,421,478	55,129,154	60,359,154	70,766,610	77,200,769
Net capital gain less loss:						
Number of returns .....	7,962,663	7,574,823	9,970,921	10,917,709	12,558,688	12,587,615
Amount .....	9,006,683	14,071,893	30,029,074	49,407,678	54,519,368	66,693,589
Pensions and annuities in AGI:						
Number of returns .....	3,249,558	5,088,937	7,373,704	10,120,721	11,551,051	13,185,115
Amount .....	7,878,808	20,886,871	43,339,736	69,813,961	80,447,934	95,684,184
Rents and royalties net income less loss:						
Number of returns .....	6,557,498	7,143,812	8,208,132	8,643,803	9,100,525	9,416,757
Amount .....	3,232,817	5,202,078	4,105,381	-5,387,351	-9,482,800	-12,207,337
Partnerships and S Corporations:						
Number of returns .....	n.a.	n.a.	n.a.	4,867,695	5,203,592	5,285,013
Amount .....	12,637,912	12,811,091	10,099,346	-527,556	-2,268,204	4,959,231
Farm net income less loss:						
Number of returns .....	3,026,530	2,755,041	2,608,430	2,710,044	2,694,420	2,633,061
Amount .....	2,788,713	3,563,325	-1,792,466	-9,294,484	-13,095,506	-11,564,310
Total statutory adjustments:						
Number of returns .....	6,370,552	9,024,255	13,148,919	34,837,711	37,025,796	37,939,470
Amount .....	7,665,251	15,101,999	28,614,061	81,393,011	89,745,075	94,940,378
Individual Retirement Arrangements:						
Number of returns .....	N/A	1,211,794	2,564,421	13,613,167	15,232,856	16,373,816
Amount .....	N/A	1,436,443	3,430,894	32,060,627	35,374,424	38,655,576
Self-employed retirement (Keogh):						
Number of returns .....	591,655	595,892	568,936	656,038	648,958	677,664
Amount .....	847,692	1,603,788	2,007,666	2,937,980	4,072,409	4,810,780
Married couple who both work:						
Number of returns .....	N/A	N/A	N/A	22,557,433	24,126,180	24,970,350
Amount .....	N/A	N/A	N/A	19,762,365	22,407,621	24,757,419
Exemptions:						
Number of exemptions .....	204,126,402	212,202,596	227,925,098	234,390,944	240,886,327	244,519,584
Number, age 65 or over .....	8,904,331	9,937,208	11,847,168	14,819,860	15,890,548	16,851,122
Total deductions:						
Number of returns .....	73,862,448	81,585,541	88,491,251	90,816,724	94,855,579	96,991,729
Amount .....	120,549,755	233,181,778	346,000,155	448,667,194 <sup>2</sup>	499,585,197 <sup>2</sup>	551,252,435 <sup>2</sup>
Itemized deductions:						
Number of returns .....	35,430,047	26,074,061	28,950,282	35,230,292	38,203,092	39,857,181
Total <sup>3</sup> .....	88,178,487	122,260,601	218,028,139	309,633,773	358,876,015	401,043,232
Medical and dental expense .....	10,585,749	11,422,312	14,972,082	18,074,335	21,450,276	22,578,514
Taxes paid .....	32,014,673	44,141,289	69,404,275	99,750,645	115,245,288	128,320,202
Interest paid .....	23,929,477	38,885,282	91,187,006	134,691,655	158,176,338	176,593,409
Contributions .....	12,892,732	15,393,331	25,809,608	37,677,955	42,119,812	48,030,698
Taxable income:						
Number of returns .....	59,593,598	65,852,602	88,104,696	90,816,724	94,178,183	96,314,271
Amount .....	401,154,285	595,492,866	1,279,985,360	1,544,872,497	1,701,365,731	1,832,636,477
Income tax before credits:						
Number of returns .....	59,596,755	65,854,734	76,135,819	80,610,882	84,440,481	86,171,293
Amount .....	84,156,695 <sup>4</sup>	132,452,044	256,294,315	279,841,890	306,686,024	336,053,938
Total tax credits <sup>5</sup> .....	369,610	8,069,846	7,215,839	8,190,737	9,263,308	10,432,936
Child care credit .....	N/A	N/A	956,439	2,051,462	2,648,834	3,130,790
Credit for the elderly and disabled .....	167,656	128,968	134,993	116,324	107,002	105,737
Residential energy credit .....	N/A	N/A	562,141	549,024	645,093	813,960
Foreign tax credit .....	169,623	381,985	1,341,675	617,749	738,014	n.a.
Investment credit .....	30,554	1,593,150	3,288,415	4,161,453	( <sup>6</sup> )	( <sup>6</sup> )
General business credit .....	N/A	N/A	N/A	N/A	4,183,101 <sup>6</sup>	4,489,662 <sup>6</sup>
Income tax after credits .....	83,787,323	124,382,197	249,078,475	271,651,153	297,422,715	325,621,002
Total income tax: <sup>7</sup>						
Number of returns .....	59,317,371	61,490,737	73,906,244	78,016,323	81,639,509	83,085,668
Amount .....	83,909,311	124,526,297	250,341,440	274,181,323	301,923,057	328,734,520

See notes following Table 14.

Table 2.—Individual Income and Tax by State, 1985

(Money amounts are in thousands of dollars)

State	Number of returns	Number of exemptions <sup>1</sup>	Adjusted gross income (AGI)	Salaries and wages		Dividends after exclusion	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>United States, total<sup>2</sup></b> .....	<b>102,036,652</b>	<b>243,517,639</b>	<b>2,289,333,273</b>	<b>86,765,245</b>	<b>1,907,207,188</b>	<b>15,292,589</b>	<b>54,501,292</b>
Alabama .....	1,502,320	3,791,184	29,792,629	1,319,204	25,496,983	141,097	424,374
Alaska .....	239,485	551,350	6,709,015	211,776	6,148,812	58,005	67,651
Arizona .....	1,345,779	3,300,597	29,175,457	1,123,168	23,702,061	203,441	877,853
Arkansas .....	868,641	2,230,807	15,671,527	725,792	12,786,269	73,360	351,055
California .....	11,690,766	28,124,384	285,099,616	9,913,297	236,876,713	1,685,053	6,522,933
Colorado .....	1,429,529	3,293,362	32,669,107	1,227,161	27,937,055	234,331	652,128
Connecticut .....	1,564,414	3,434,654	42,423,575	1,344,878	35,344,548	326,256	1,301,743
Delaware .....	284,096	655,601	6,656,455	246,023	5,494,290	57,760	236,395
District of Columbia .....	323,516	661,718	7,678,038	279,855	5,948,130	45,729	271,449
Florida .....	5,113,216	12,029,660	110,592,618	4,072,507	79,725,233	917,502	5,032,163
Georgia .....	2,466,881	5,882,082	53,219,457	2,212,499	46,490,951	257,233	1,041,890
Hawaii .....	470,745	1,071,202	9,965,599	405,999	8,257,681	72,014	196,822
Idaho .....	368,102	987,500	6,778,237	303,125	5,677,240	47,184	131,054
Illinois .....	4,898,447	11,761,660	114,930,358	4,148,726	96,045,032	837,830	2,878,368
Indiana .....	2,269,312	5,547,605	47,847,966	1,931,536	40,617,917	292,204	850,671
Iowa .....	1,157,910	2,897,819	21,649,845	906,220	17,452,230	183,728	421,237
Kansas .....	1,029,151	2,533,827	22,209,614	844,969	18,012,290	156,445	425,694
Kentucky .....	1,365,573	3,374,903	26,245,224	1,154,294	21,936,121	139,281	476,551
Louisiana .....	1,651,210	4,243,719	33,775,929	1,442,740	28,741,981	166,503	541,756
Maine .....	496,958	1,166,453	9,400,931	425,567	7,591,413	67,744	257,524
Maryland .....	2,071,335	4,686,118	52,204,588	1,812,857	44,035,742	327,920	1,049,781
Massachusetts .....	2,763,052	5,988,126	67,079,152	2,387,759	55,276,312	477,422	1,783,522
Michigan .....	3,811,358	8,989,636	90,454,156	3,258,186	77,854,219	701,357	1,862,198
Minnesota .....	1,807,019	4,299,555	39,845,208	1,517,860	33,926,477	311,976	889,861
Mississippi .....	912,133	2,414,576	15,706,333	805,026	13,517,940	71,632	193,799
Missouri .....	2,092,886	5,034,860	44,583,142	1,750,921	36,910,161	301,663	1,050,105
Montana .....	336,317	834,452	5,699,273	265,605	4,667,357	54,540	135,327
Nebraska .....	671,906	1,662,387	12,664,338	540,479	10,403,161	100,632	241,774
Nevada .....	447,300	1,003,986	9,920,535	388,597	8,228,363	50,206	209,420
New Hampshire .....	482,280	1,089,085	11,269,923	422,565	9,349,827	75,631	279,983
New Jersey .....	3,761,376	8,690,707	97,712,290	3,261,888	82,048,025	743,235	2,359,141
New Mexico .....	592,004	1,499,111	11,286,088	508,794	9,485,710	72,833	218,196
New York .....	7,599,062	17,728,702	191,010,243	6,466,537	153,720,835	1,372,927	5,824,527
North Carolina .....	2,631,981	6,176,203	52,273,759	2,345,380	44,355,272	295,146	1,007,615
North Dakota .....	277,534	698,582	5,012,375	214,888	3,876,022	33,758	60,521
Ohio .....	4,522,356	10,744,854	98,758,980	3,852,617	83,641,629	698,454	2,217,155
Oklahoma .....	1,270,187	3,182,298	26,729,611	1,058,660	21,983,988	130,699	440,882
Oregon .....	1,125,636	2,708,919	22,581,647	919,429	18,339,641	169,198	478,738
Pennsylvania .....	5,080,316	11,831,831	108,639,922	4,232,422	88,472,818	866,319	2,951,883
Rhode Island .....	437,677	971,493	9,247,446	379,489	7,591,804	64,423	221,750
South Carolina .....	1,312,269	3,184,507	25,492,279	1,175,198	21,732,727	130,017	531,153
South Dakota .....	283,464	718,267	4,412,359	219,701	3,557,850	37,734	76,978
Tennessee .....	1,916,200	4,618,197	37,621,098	1,679,825	32,397,446	177,681	528,567
Texas .....	6,674,213	16,713,764	152,848,699	5,825,994	130,511,409	750,008	2,925,762
Utah .....	595,132	1,675,212	12,527,658	515,813	10,847,275	71,495	206,143
Vermont .....	230,560	532,250	4,520,884	196,614	3,656,318	41,327	157,690
Virginia .....	2,501,799	5,737,420	59,423,203	2,205,148	50,234,999	382,124	1,166,550
Washington .....	1,904,811	4,490,053	42,364,707	1,594,751	35,040,732	301,960	871,606
West Virginia .....	664,164	1,676,134	13,111,266	558,441	10,871,932	77,438	237,743
Wisconsin .....	2,016,621	4,800,571	41,796,409	1,703,382	35,305,589	320,002	877,747
Wyoming .....	206,580	518,664	4,451,079	177,089	3,860,341	28,950	95,195
Other areas <sup>3</sup> .....	501,073	1,077,032	5,593,426	283,994	11,222,317	91,182	390,669

Table 2. (Continued)—Individual Income and Tax by State, 1985

[Money amounts are in thousands of dollars]

State	Interest		Unemployment compensation in AGI		Itemized deductions		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Total deductions	Average amount (dollars)
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>United States, total<sup>2</sup></b> .....	<b>64,128,149</b>	<b>180,493,925</b>	<b>4,770,065</b>	<b>6,418,459</b>	<b>40,534,024</b>	<b>408,903,939</b>	<b>10,088</b>
Alabama .....	765,686	1,766,350	79,310	64,937	572,878	4,737,252	8,269
Alaska .....	152,544	296,556	27,312	57,382	95,202	1,159,801	12,183
Arizona .....	812,517	2,680,120	44,129	38,593	614,148	6,206,059	10,105
Arkansas .....	457,588	1,423,928	39,424	40,194	275,331	2,292,970	8,328
California .....	7,274,117	23,561,347	580,295	766,005	5,170,307	66,832,625	12,926
Colorado .....	944,278	2,470,841	54,044	77,680	677,930	7,338,311	10,825
Connecticut .....	1,155,680	2,972,787	79,621	93,480	615,533	6,797,622	11,043
Delaware .....	176,182	409,542	11,828	13,253	118,135	1,175,103	9,947
District of Columbia .....	162,552	452,279	5,967	9,431	131,289	1,515,480	11,543
Florida .....	3,046,944	13,112,891	98,044	120,556	1,771,897	17,890,437	10,097
Georgia .....	1,233,743	2,963,548	97,915	79,052	917,376	9,290,535	10,127
Hawaii .....	348,696	746,022	19,411	27,229	196,765	2,035,206	10,343
Idaho .....	232,635	661,638	24,373	31,852	150,262	1,347,419	8,967
Illinois .....	3,310,375	9,653,079	240,645	403,718	1,908,007	17,848,162	9,354
Indiana .....	1,427,858	3,517,614	101,937	97,196	789,482	6,509,967	8,246
Iowa .....	854,734	2,688,871	58,460	72,259	467,953	3,781,530	8,081
Kansas .....	685,722	2,149,539	42,514	55,072	426,219	3,801,243	8,919
Kentucky .....	747,707	1,988,702	75,435	77,211	496,706	3,997,368	8,048
Louisiana .....	861,464	2,472,406	87,076	152,363	559,869	5,284,920	9,440
Maine .....	319,111	644,942	22,763	23,489	156,783	1,288,714	8,220
Maryland .....	1,345,764	3,072,231	74,413	95,339	998,117	10,706,321	10,727
Massachusetts .....	2,011,104	4,638,850	130,185	209,767	1,119,704	11,023,032	9,845
Michigan .....	2,571,216	5,729,871	266,502	373,988	1,795,574	15,934,531	8,874
Minnesota .....	1,316,554	3,211,713	96,234	165,316	893,601	8,747,893	9,789
Mississippi .....	410,129	1,076,536	37,452	35,953	269,415	2,320,882	8,615
Missouri .....	1,322,890	3,933,501	86,788	79,957	764,813	6,573,391	8,595
Montana .....	228,381	701,167	17,584	23,402	125,703	1,024,204	8,148
Nebraska .....	465,724	1,417,109	21,802	22,699	232,798	2,039,095	8,759
Nevada .....	243,255	820,044	22,773	28,927	161,275	1,709,237	10,598
New Hampshire .....	336,489	741,751	18,629	17,021	162,489	1,565,362	9,634
New Jersey .....	2,563,201	6,796,402	176,136	294,424	1,535,872	16,003,537	10,420
New Mexico .....	322,119	871,399	16,475	20,574	198,988	1,766,751	8,879
New York .....	5,253,324	15,745,400	313,802	480,260	3,625,617	40,594,016	11,196
North Carolina .....	1,412,478	3,087,340	136,899	105,532	1,005,113	8,691,665	8,647
North Dakota .....	198,108	602,934	12,893	19,894	83,395	676,576	8,113
Ohio .....	2,927,721	7,077,170	246,591	369,471	1,676,453	15,068,057	8,988
Oklahoma .....	723,597	2,353,356	45,052	60,190	522,964	5,101,855	9,756
Oregon .....	748,120	2,118,387	77,439	110,796	505,288	4,651,105	9,205
Pennsylvania .....	3,503,798	8,402,655	352,966	533,362	1,828,738	15,611,913	8,537
Rhode Island .....	288,652	694,992	29,238	36,783	159,951	1,430,045	8,941
South Carolina .....	657,467	1,422,657	64,005	52,435	521,496	4,445,488	8,524
South Dakota .....	189,136	585,398	6,385	6,100	73,147	589,157	8,054
Tennessee .....	985,965	2,503,609	81,026	71,307	548,513	4,854,654	8,851
Texas .....	3,556,367	12,227,548	179,733	264,917	2,199,969	24,198,890	11,000
Utah .....	383,493	762,914	25,315	35,921	296,108	2,940,028	9,929
Vermont .....	155,572	343,959	9,972	11,295	79,837	666,430	8,347
Virginia .....	1,497,741	3,569,717	84,542	75,235	1,038,930	10,807,687	10,403
Washington .....	1,267,575	3,589,300	127,044	197,792	740,598	6,994,387	9,444
West Virginia .....	399,037	905,931	49,176	71,478	183,515	1,509,283	8,224
Wisconsin .....	1,491,953	3,487,406	157,808	225,368	879,580	7,840,849	8,914
Wyoming .....	134,758	375,422	10,111	13,571	74,729	660,077	8,833
Other areas <sup>3</sup> .....	246,328	994,254	4,592	8,433	119,662	1,026,817	8,581

Table 2. (Continued)—Individual Income and Tax by State, 1985

(Money amounts are in thousands of dollars)

State	Tax liability			Earned income credit			
	Total tax		Average tax	Number of returns	Amount	Excess of tax liability	
	Number of returns	Amount				Number of returns	Amount
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
<b>United States, total<sup>2</sup></b> .....	<b>86,286,765</b>	<b>336,638,438</b>	<b>3,901</b>	<b>6,495,867</b>	<b>- 2,090,876</b>	<b>4,736,940</b>	<b>- 1,503,574</b>
Alabama .....	1,234,809	3,956,744	3,204	169,035	- 56,123	127,030	- 41,325
Alaska .....	208,425	1,125,183	5,399	8,901	- 2,641	5,751	- 1,676
Arizona .....	1,132,988	3,972,149	3,506	87,339	- 28,142	65,278	- 21,077
Arkansas .....	709,928	2,026,688	2,855	97,389	- 32,022	70,204	- 22,537
California .....	9,873,659	41,509,259	4,204	770,874	- 253,006	607,882	- 198,898
Colorado .....	1,227,267	4,671,671	3,807	68,384	- 21,799	48,126	- 15,071
Connecticut .....	1,380,705	7,236,579	5,241	40,245	- 12,383	27,578	- 8,492
Delaware .....	244,965	963,645	3,934	16,429	- 5,187	11,731	- 3,705
District of Columbia .....	274,150	1,239,060	4,520	26,545	- 8,578	20,766	- 6,614
Florida .....	4,311,934	17,309,605	4,014	361,949	- 118,082	260,176	- 83,406
Georgia .....	2,075,406	7,448,554	3,589	224,228	- 73,205	165,596	- 53,159
Hawaii .....	401,174	1,303,224	3,249	18,857	- 5,533	11,961	- 3,530
Idaho .....	303,646	869,196	2,863	28,404	- 9,138	19,640	- 6,077
Illinois .....	4,141,252	17,976,907	4,341	268,763	- 85,297	202,017	- 63,365
Indiana .....	1,893,474	6,782,894	3,582	131,973	- 41,893	93,832	- 29,437
Iowa .....	962,066	2,953,145	3,070	64,641	- 20,056	41,104	- 12,062
Kansas .....	876,079	3,282,505	3,747	51,232	- 15,986	34,126	- 10,433
Kentucky .....	1,129,516	3,554,275	3,147	123,824	- 40,205	85,701	- 27,172
Louisiana .....	1,334,466	4,939,564	3,702	193,948	- 62,992	149,596	- 47,595
Maine .....	418,586	1,213,017	2,898	30,640	- 9,674	20,470	- 6,268
Maryland .....	1,803,370	7,592,329	4,210	97,083	- 30,733	69,522	- 21,805
Massachusetts .....	2,429,049	10,437,996	4,297	86,330	- 27,038	59,438	- 18,496
Michigan .....	3,231,427	13,182,862	4,080	166,057	- 52,108	119,770	- 36,888
Minnesota .....	1,545,926	5,348,224	3,460	76,397	- 23,770	49,637	- 14,598
Mississippi .....	712,728	1,976,204	2,773	153,503	- 51,408	121,788	- 39,699
Missouri .....	1,763,314	6,552,970	3,716	135,813	- 43,270	94,744	- 29,515
Montana .....	268,490	770,390	2,869	25,146	- 7,870	17,046	- 5,106
Nebraska .....	561,426	1,775,814	3,163	37,986	- 11,802	24,678	- 7,251
Nevada .....	381,875	1,553,510	4,068	23,367	- 7,427	16,851	- 5,340
New Hampshire .....	421,106	1,722,935	4,091	15,860	- 4,879	10,159	- 3,128
New Jersey .....	3,325,880	15,651,270	4,706	163,229	- 51,501	116,637	- 37,058
New Mexico .....	473,230	1,506,950	3,184	59,744	- 18,893	45,871	- 14,314
New York .....	6,608,820	29,145,630	4,410	463,410	- 149,690	340,176	- 108,351
North Carolina .....	2,211,229	6,825,591	3,087	221,929	- 70,895	153,344	- 48,431
North Dakota .....	231,934	703,830	3,035	16,687	- 5,137	10,295	- 2,948
Ohio .....	3,833,072	13,846,667	3,612	231,748	- 72,976	165,751	- 51,412
Oklahoma .....	1,054,424	3,893,491	3,693	98,276	- 32,230	69,939	- 22,301
Oregon .....	940,441	2,941,654	3,128	65,767	- 21,134	46,902	- 14,716
Pennsylvania .....	4,305,413	15,779,964	3,665	251,340	- 79,105	174,960	- 54,345
Rhode Island .....	376,079	1,282,375	3,410	20,266	- 6,393	14,486	- 4,543
South Carolina .....	1,086,126	3,203,622	2,950	127,138	- 41,666	93,590	- 30,266
South Dakota .....	227,224	604,270	2,659	22,757	- 7,051	14,361	- 4,139
Tennessee .....	1,586,484	5,292,230	3,336	181,252	- 59,134	131,930	- 42,039
Texas .....	5,573,454	24,966,454	4,480	547,734	- 179,357	411,425	- 133,507
Utah .....	494,376	1,484,548	3,003	32,128	- 10,205	22,873	- 7,118
Vermont .....	197,844	600,289	3,034	12,481	- 3,876	8,009	- 2,404
Virginia .....	2,163,021	8,503,133	3,931	131,327	- 41,702	90,630	- 28,663
Washington .....	1,621,666	6,151,065	3,793	90,636	- 28,624	65,046	- 20,177
West Virginia .....	551,960	1,744,800	3,161	56,063	- 17,704	40,093	- 12,636
Wisconsin .....	1,697,214	5,492,993	3,236	88,079	- 27,352	59,559	- 17,730
Wyoming .....	173,390	680,184	3,923	11,079	- 3,489	7,572	- 2,331
Other areas <sup>3</sup> .....	300,278	1,090,330	3,631	1,655	- 515	1,293	- 420

See notes following Table 14.

## Selected Statistical Series 1970-1986

Table 3.—Number of Individual Returns, Income, Tax and Average Tax By Size of Income, Tax Years 1982-1985

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns for—		Total adjusted gross income (AGI)		Taxable income	
	1982	1983	1982	1983	1982	1983
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total .....</b>	<b>95,337,432</b>	<b>96,321,310</b>	<b>1,852,135,465</b>	<b>1,942,589,865</b>	<b>1,473,348,899</b>	<b>1,544,872,497</b>
Less than \$1000 .....	3,412,105	3,415,113	-22,324,833	-25,592,802	29,646	75,549
\$1,000 under \$3,000 .....	7,573,825	7,253,408	15,122,101	14,482,816	6,717,217	6,757,833
\$3,000 under \$5,000 .....	6,966,104	7,167,924	27,925,256	28,679,137	17,168,389	17,374,119
\$5,000 under \$7,000 .....	6,682,490	6,734,360	39,885,078	40,321,353	26,709,472	26,472,290
\$7,000 under \$9,000 .....	7,176,962	6,879,931	57,512,193	55,039,361	40,904,714	39,153,168
\$9,000 under \$11,000 .....	6,421,665	6,205,165	64,229,520	61,927,394	47,995,843	46,314,016
\$11,000 under \$13,000 .....	5,651,414	5,724,798	67,793,416	68,522,507	52,526,932	52,529,347
\$13,000 under \$15,000 .....	5,414,103	5,161,674	75,702,223	72,217,107	59,652,891	57,062,111
\$15,000 under \$17,000 .....	4,734,479	4,593,795	75,594,637	73,350,227	60,951,455	58,956,588
\$17,000 under \$19,000 .....	3,964,008	4,291,218	71,295,728	77,093,374	57,689,594	62,209,794
\$19,000 under \$22,000 .....	5,365,925	5,617,176	109,806,080	115,071,603	88,855,846	93,320,322
\$22,000 under \$25,000 .....	5,273,703	5,115,957	123,853,268	120,238,524	100,054,304	97,650,110
\$25,000 under \$30,000 .....	7,621,965	7,357,487	209,572,367	201,763,983	169,726,189	163,111,031
\$30,000 under \$35,000 .....	5,646,966	6,011,290	182,644,120	194,666,035	146,947,632	156,601,086
\$35,000 under \$40,000 .....	4,215,650	4,409,645	157,391,914	164,664,066	126,471,828	131,804,272
\$40,000 under \$50,000 .....	4,716,532	5,147,782	208,952,374	228,225,122	166,018,176	181,289,066
\$50,000 under \$75,000 .....	3,057,266	3,591,188	179,566,469	211,838,450	141,376,967	166,095,719
\$75,000 under \$100,000 .....	702,064	822,840	59,748,095	70,011,841	46,720,423	54,345,021
\$100,000 under \$150,000 .....	432,757	469,391	51,674,638	56,206,333	40,228,978	43,403,109
\$150,000 under \$200,000 .....	138,082	152,560	23,616,649	26,170,484	18,710,797	20,312,767
\$200,000 under \$300,000 .....	93,033	108,379	22,323,087	26,016,239	17,807,227	20,642,936
\$300,000 under \$500,000 .....	47,245	53,960	17,650,665	20,144,746	14,153,358	15,959,347
\$500,000 under \$1,000,000 .....	20,681	25,469	13,830,843	17,173,250	11,042,159	13,706,293
\$1,000,000 or more .....	8,408	10,800	18,769,578	24,358,715	14,888,860	19,726,601

Size of adjusted gross income	Total income tax <sup>1</sup>		Percent of returns showing no income tax liability		Returns showing income tax liability			
	1982	1983	1982	1983	Average tax (whole dollars)		Tax as percent of AGI	
					1982	1983	1982	1983
<b>Total .....</b>	<b>277,597,301</b>	<b>274,181,323</b>	<b>19.2</b>	<b>19.0</b>	<b>3,604</b>	<b>3,514</b>	<b>15.4</b>	<b>14.5</b>
Less than \$1,000 .....	130,288 <sup>3</sup>	127,789 <sup>3</sup>	99.6	99.7	9,298 <sup>3</sup>	13,249 <sup>3</sup>	—	—
\$1,000 under \$3,000 .....	35,182	51,414	95.0	93.4	92	108	5.0	5.7
\$3,000 under \$5,000 .....	475,448	409,533	41.9	42.0	117	99	2.8	2.4
\$5,000 under \$7,000 .....	1,473,139	1,310,055	31.4	33.7	321	293	5.4	4.9
\$7,000 under \$9,000 .....	2,967,854	2,603,057	20.7	21.2	521	480	6.5	6.0
\$9,000 under \$11,000 .....	4,462,848	3,888,167	6.8	8.3	746	684	7.4	6.8
\$11,000 under \$13,000 .....	5,566,452	5,012,113	4.0	4.2	1,026	914	8.6	7.6
\$13,000 under \$15,000 .....	7,002,695	6,066,527	2.3	2.7	1,324	1,208	9.5	8.6
\$15,000 under \$17,000 .....	7,766,398	6,809,411	1.5	2.4	1,665	1,518	10.4	9.5
\$17,000 under \$19,000 .....	7,786,372	7,664,811	1.8	1.6	2,001	1,816	11.1	10.1
\$19,000 under \$22,000 .....	12,725,118	12,163,958	1.2	1.2	2,399	2,192	11.7	10.7
\$22,000 under \$25,000 .....	15,378,094	13,595,791	1.3	1.3	2,956	2,692	12.6	11.5
\$25,000 under \$30,000 .....	27,852,640	24,354,551	.6	.8	3,676	3,338	13.4	12.2
\$30,000 under \$35,000 .....	25,867,035	25,156,554	.5	.6	4,605	4,208	14.2	13.0
\$35,000 under \$40,000 .....	24,098,091	22,673,889	.5	.8	5,743	5,182	15.4	13.9
\$40,000 under \$50,000 .....	35,029,801	34,798,186	.6	.4	7,468	6,787	16.9	15.3
\$50,000 under \$75,000 .....	35,892,383	38,352,897	.5	.4	11,803	10,725	20.1	18.2
\$75,000 under \$100,000 .....	14,594,818	15,392,973	.4	.3	20,865	18,770	24.5	22.1
\$100,000 under \$150,000 .....	14,385,740	14,351,743	.2	.4	33,321	30,690	27.9	25.6
\$150,000 under \$200,000 .....	7,483,155	7,662,455	.5	.3	54,447	50,365	31.8	29.4
\$200,000 under \$300,000 .....	7,651,434	8,488,945	.2	.2	82,400	78,513	34.3	32.7
\$300,000 under \$500,000 .....	6,380,687	7,124,258	.1	.2	135,233	132,313	36.2	35.4
\$500,000 under \$1,000,000 .....	5,222,845	6,463,482	.1	.2	252,751	254,228	37.7	37.7
\$1,000,000 or more .....	7,368,787	9,658,764	.1	.3	877,132	896,655	39.8	39.8

See notes following Table 14.

**Table 3. (Continued)—Number of Individual Returns, Income, Tax and Average Tax By Size of Income, Tax Years 1982-1985**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns for—		Total adjusted gross income (AGI)		Taxable income	
	1984	1985	1984	1985	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total .....</b>	<b>99,438,708</b>	<b>101,737,544</b>	<b>2,139,904,356<sup>2</sup></b>	<b>2,321,889,535<sup>2</sup></b>	<b>1,701,365,731</b>	<b>1,562,886,049</b>
Less than \$1000 .....	3,329,148	3,227,757	-31,984,443	-29,820,577	63,799	—
\$1,000 under \$3,000 .....	6,883,760	6,769,534	13,732,880	13,558,114	6,504,129	303,711
\$3,000 under \$5,000 .....	7,030,537	6,707,645	28,151,199	26,875,475	17,251,761	2,994,126
\$5,000 under \$7,000 .....	6,584,434	6,575,666	39,617,706	39,371,639	26,095,663	10,716,361
\$7,000 under \$9,000 .....	6,792,931	6,664,535	54,388,545	53,477,042	38,888,493	20,723,314
\$9,000 under \$11,000 .....	6,051,873	6,246,993	60,390,249	62,252,092	45,303,739	29,689,036
\$11,000 under \$13,000 .....	5,877,979	5,594,861	70,439,379	67,015,467	54,708,664	35,916,459
\$13,000 under \$15,000 .....	5,202,547	5,401,512	72,660,372	75,564,926	57,397,788	44,354,369
\$15,000 under \$17,000 .....	4,893,833	4,882,888	78,195,614	78,017,354	62,489,602	47,832,574
\$17,000 under \$19,000 .....	4,561,541	4,538,388	82,012,673	81,615,523	66,307,248	52,485,371
\$19,000 under \$22,000 .....	5,645,759	6,061,793	115,466,828	123,948,265	93,889,175	82,153,141
\$22,000 under \$25,000 .....	5,198,716	5,035,517	122,123,861	118,641,576	99,375,159	79,926,806
\$25,000 under \$30,000 .....	7,635,404	7,456,685	209,274,643	204,352,952	168,006,165	140,912,120
\$30,000 under \$35,000 .....	6,020,636	6,487,265	195,263,778	210,334,931	155,819,230	146,641,566
\$35,000 under \$40,000 .....	5,054,470	5,195,279	188,944,011	194,192,571	149,423,027	136,618,628
\$40,000 under \$50,000 .....	5,963,041	6,742,356	264,922,227	299,811,771	210,324,094	212,517,608
\$50,000 under \$75,000 .....	4,657,702	5,650,810	275,046,849	334,741,773	214,921,141	241,466,217
\$75,000 under \$100,000 .....	1,049,444	1,256,247	89,289,787	106,856,451	69,194,901	77,722,865
\$100,000 under \$150,000 .....	581,498	706,448	69,273,546	84,180,805	53,604,014	62,220,139
\$150,000 under \$200,000 .....	179,695	207,250	30,767,972	35,625,467	23,865,523	26,978,313
\$200,000 under \$300,000 .....	132,306	165,061	31,729,787	39,475,592	24,405,339	30,925,325
\$300,000 under \$500,000 .....	67,405	84,451	25,780,158	31,842,657	19,789,383	23,701,080
\$500,000 under \$1,000,000 .....	29,215	39,497	19,729,296	26,122,791	15,798,723	20,154,622
\$1,000,000 or more .....	14,834	19,106	34,687,437	43,834,877	27,938,970	35,932,297

Size of adjusted gross income	Total income tax		Percent of returns showing no income tax liability		Returns showing income tax liability			
	1984	Preliminary 1985	1984	Preliminary 1985	Average tax (whole dollars)		Tax as percent of AGI	
					1984	Preliminary 1985	1984	Preliminary 1985
<b>Total .....</b>	<b>301,923,057</b>	<b>328,734,520</b>	<b>17.9</b>	<b>18.3</b>	<b>3,698</b>	<b>3,957</b>	<b>14.4</b>	<b>14.5</b>
Less than \$1,000 .....	419,790 <sup>3</sup>	115,046 <sup>3</sup>	99.2	99.7	16,783 <sup>3</sup>	13,836 <sup>3</sup>	—	—
\$1,000 under \$3,000 .....	44,652	41,083	93.8	94.4	104	108	5.4	5.3
\$3,000 under \$5,000 .....	430,167	348,482	40.8	48.3	103	101	2.5	2.4
\$5,000 under \$7,000 .....	1,233,034	1,188,397	33.7	33.9	282	274	4.7	4.6
\$7,000 under \$9,000 .....	2,483,282	2,256,743	21.3	26.3	465	459	5.8	5.7
\$9,000 under \$11,000 .....	3,617,920	3,488,169	8.2	11.6	651	632	6.5	6.3
\$11,000 under \$13,000 .....	5,013,506	4,552,391	5.2	5.6	899	862	7.5	7.2
\$13,000 under \$15,000 .....	5,831,903	5,810,235	3.6	3.7	1,163	1,117	8.3	8.0
\$15,000 under \$17,000 .....	6,785,324	6,534,303	2.0	2.8	1,415	1,376	8.9	8.6
\$17,000 under \$19,000 .....	7,775,189	7,487,798	1.8	2.1	1,736	1,685	9.7	9.4
\$19,000 under \$22,000 .....	11,677,768	12,149,188	1.5	1.7	2,100	2,040	10.3	10.0
\$22,000 under \$25,000 .....	13,237,769	12,297,939	1.0	1.3	2,573	2,465	11.0	10.5
\$25,000 under \$30,000 .....	23,793,004	22,915,290	1.2	.9	3,152	3,101	11.5	11.3
\$30,000 under \$35,000 .....	23,926,881	25,230,855	.7	.7	4,004	3,917	12.3	12.1
\$35,000 under \$40,000 .....	24,678,348	24,791,194	.5	.7	4,907	4,805	13.1	12.9
\$40,000 under \$50,000 .....	38,675,241	41,812,543	.3	.3	6,504	6,220	14.6	14.0
\$50,000 under \$75,000 .....	47,355,174	56,385,257	.4	.2	10,211	9,995	17.3	16.9
\$75,000 under \$100,000 .....	18,759,377	21,683,215	.4	.2	17,944	17,302	21.1	20.3
\$100,000 under \$150,000 .....	17,117,874	20,179,312	.2	.4	29,502	28,677	24.8	24.1
\$150,000 under \$200,000 .....	8,644,645	10,038,405	.2	.1	48,205	48,488	28.2	28.2
\$200,000 under \$300,000 .....	10,013,524	11,976,862	.2	.2	75,844	72,734	31.6	30.4
\$300,000 under \$500,000 .....	8,761,557	10,446,429	.2	.2	130,272	123,911	34.1	32.9
\$500,000 under \$1,000,000 .....	7,526,585	9,414,265	.2	.2	258,255	238,813	38.2	36.1
\$1,000,000 or more .....	14,120,545	17,591,119	.2	.2	954,091	922,256	40.8	40.2

See notes following Table 14.

**Table 4.—Nonfarm Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Income Years, 1970-1985**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1983	1984	Preliminary 1985
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns, total</b> .....	<b>5,769,741</b>	<b>7,221,346</b>	<b>8,931,712</b>	<b>10,703,921<sup>1</sup></b>	<b>11,262,390<sup>1</sup></b>	<b>11,967,617<sup>1</sup></b>
Number with net income .....	n.a.	n.a.	n.a.	7,390,395	8,002,865	8,657,690
Inventory, end of year .....	11,060,775	15,578,040	21,996,236	n.a.	23,232,929	23,401,215
Business receipts, total .....	198,582,172	273,954,741	411,205,713	465,168,637	516,036,944	524,249,267
Income from sales and operations .....	n.a.	272,342,560	407,169,299	455,382,492	507,234,292	513,894,669
Total deductions .....	168,044,746	234,318,288	356,258,495	404,808,647	445,270,334	447,048,498
Cost of goods sold/operations .....	109,148,811	146,261,435	209,889,809	212,631,063	229,905,960	229,939,511
Purchases .....	88,585,913	117,722,352	168,301,517	n.a.	n.a.	n.a.
Cost of labor .....	7,704,285	8,791,083	10,922,221	9,870,673	13,008,803	13,317,692
Materials and supplies .....	6,216,057	9,090,638	12,909,222	n.a.	n.a.	n.a.
Commissions .....	1,274,016	2,225,830	3,333,345	n.a.	n.a.	n.a.
Net salaries and wages .....	15,107,047	20,227,859	26,560,821	31,665,698	34,686,204	37,078,149
Car and truck expenses .....	n.a.	n.a.	13,378,289	14,758,472	17,523,807	16,385,673
Rent paid .....	4,636,528	6,676,314	9,636,290	11,830,835	14,278,260	14,275,365
Repairs .....	2,444,607	3,044,175	5,031,573	n.a.	n.a.	n.a.
Taxes paid .....	3,775,502	5,423,961	7,672,459	n.a.	n.a.	n.a.
Utilities .....	n.a.	n.a.	4,790,337	n.a.	n.a.	n.a.
Insurance .....	2,309,608	3,503,812	6,003,126	n.a.	n.a.	n.a.
Interest paid .....	1,784,276	3,390,845	7,190,257	9,925,746	11,025,276	6,919,345
Depreciation .....	5,451,525	7,958,143	13,952,703	22,069,530	23,900,034	24,985,900
Pension and profit sharing plans .....	72,741	125,296	141,463	122,915	258,070	307,287
Net income (less deficit) .....	30,537,426	36,636,453	54,947,219	60,359,153	70,766,610	77,200,768
Net income .....	33,735,732	45,624,890	68,010,051	78,618,410	89,849,570	95,806,589
Deficit .....	3,198,306	5,988,437	13,062,832	18,259,256	19,082,960	18,605,820

See notes following Table 14.

**Table 5.—Partnership Returns: Balance Sheet Items and Selected Income Statement for Selected Income Years, 1970-1984**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total number of active partnerships</b> .....	<b>936,133</b>	<b>1,073,094</b>	<b>1,379,654</b>	<b>1,514,212</b>	<b>1,541,539</b>	<b>1,643,581</b>
Number with net income .....	639,795	661,134	774,173	791,117	783,968	844,738
Number with balance sheets .....	555,741	783,271	1,194,236	1,217,386	1,190,696	1,201,320
Number of partners .....	3,697,818	4,950,634	8,419,899	9,764,667	10,589,338	12,426,721
Total assets <sup>1</sup> .....	116,752,751	235,468,301	597,503,923	845,281,449	886,992,767	1,030,848,519
Depreciable assets (net) .....	n.a.	113,124,969	239,139,823	310,846,376	485,402,717	581,643,219
Inventories, end of year .....	n.a.	11,985,431	33,218,272	100,728,688	n.a.	39,446,014
Land .....	n.a.	36,731,958	70,241,248	84,820,308	98,427,459	122,036,819
Total liabilities .....	n.a.	193,875,629	488,734,023	701,630,766	886,992,774	1,030,848,464
Accounts payable .....	n.a.	12,302,055	33,899,048	37,254,748	34,724,772	32,780,197
Short-term debt <sup>2</sup> .....	n.a.	22,709,476	48,001,839	73,277,805	67,294,519	68,625,844
Long-term debt <sup>3</sup> .....	n.a.	136,296,764	178,044,406	236,218,378	268,268,458	322,327,016
Nonrecourse loans .....	n.a.	n.a.	118,910,380	154,508,961	194,828,542	260,167,109
Partners' capital accounts .....	n.a.	41,592,672	108,769,900	143,650,646	141,839,683	175,475,922
Total receipts <sup>4</sup> .....	93,348,080	148,417,529	291,998,115	296,690,303	291,318,703	375,192,511
Business receipts <sup>4</sup> .....	90,208,834	142,505,781	271,108,832	251,608,987	243,248,370	318,342,380
Interest received .....	942,304	2,477,173	10,869,323	15,259,801	15,006,055	16,651,205
Total deductions <sup>4</sup> .....	83,557,684	140,679,959	283,749,460	304,004,833	293,928,744	378,692,535
Cost of goods sold/operations .....	46,040,874	64,672,843	113,885,668	144,595,111	125,330,745	180,857,822
Purchases .....	31,820,581	42,608,734	70,439,607	96,111,197	n.a.	100,358,781
Cost of labor .....	4,146,927	4,585,836	7,015,547	7,183,865	n.a.	7,826,231
Salaries and wages <sup>4</sup> .....	8,129,233	12,489,039	22,336,337	23,204,883	24,733,780	28,522,626
Taxes paid .....	3,159,258	5,770,918	9,553,145	5,288,971	5,909,545	6,673,186
Interest paid <sup>4</sup> .....	4,470,206	12,097,100	28,362,385	21,517,044	22,364,264	25,437,588
Depreciation <sup>4,5</sup> .....	4,578,820	10,108,834	21,576,189	32,361,640	37,340,062	46,939,395
Net income (less deficit) .....	9,790,396	7,737,570	8,248,655	-7,314,587	-2,610,041	-3,500,024
Net income .....	14,419,124	22,431,931	45,061,756	53,556,856	60,308,114	69,696,922
Deficit .....	4,628,728	14,694,361	36,813,100	60,871,442	62,918,155	73,196,946

See notes following Table 14.

**Table 6.—Number of Business Income Tax Returns, by Size of Business, for Selected Income Years, 1970-1984**

[All figures are estimates based on samples]

Size of business	Number of businesses reporting					
	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>CORPORATIONS</b>						
Receipt size <sup>1</sup>						
Under \$25,000 <sup>2</sup> .....	451.9	468.9	557.0	620.0	629.2	686.1
\$25,000 - \$49,999 .....	170.7	186.4	207.7	217.5	212.9	212.5
\$50,000 - \$99,999 .....	219.8	260.7	322.7	324.7	330.0	338.7
\$100,000 - \$249,999 .....			558.4	593.4	597.8	615.2
\$250,000 - \$499,999 .....	516.9	673.9	367.3	427.9	444.9	468.4
\$500,000 - \$999,999 .....	141.1	184.2	279.8	296.0	315.9	344.8
\$1,000,000 or more .....	165.0	249.5	417.7	446.4	468.3	505.0
Asset size						
Under \$100,000 <sup>3</sup> .....	961.0	1,177.7	1,514.6	1,646.6	1,665.5	1,773.7
\$100,000 - \$1 million .....	599.1	704.6	968.9	1,033.5	1,074.7	1,119.8
\$1 million - \$10 million .....	87.0	116.4	191.8	206.5	218.3	232.9
\$10 million - \$25 million .....	9.8	12.2	16.6	18.3	18.8	20.8
\$25 million - \$50 million .....	3.9	5.6	7.8	8.9	8.9	10.1
\$50 million - \$100 million .....	2.1	3.1	4.8	5.5	5.7	6.0
\$100 million - \$250 million .....	1.4	2.1	3.2	3.5	3.6	3.8
\$250 million and over .....	1.2	1.9	2.9	3.2	3.4	3.7
<b>PARTNERSHIPS</b>						
Receipt size <sup>1</sup>						
Under \$25,000 .....	501.7	549.7	638.0	758.8 <sup>4</sup>	763.4 <sup>4</sup>	801.6 <sup>4</sup>
\$25,000 - \$49,999 .....	125.2	141.0	181.8	178.1	173.4	190.9
\$50,000 - \$99,999 .....	119.6	133.7	183.6	190.6	203.7	205.6
\$100,000 - \$199,999 .....	97.2	114.0	155.2	155.0	154.2	169.8
\$200,000 - \$499,999 .....	65.2	90.6	135.6	137.8	143.7	156.7
\$500,000 - \$999,999 .....	17.0	25.5	48.1	52.1	56.0	63.9
\$1,000,000 or more .....	10.3	18.6	37.4	41.9	46.4	55.1
Asset size <sup>5</sup>						
Under \$25,000 .....	635.7 <sup>5</sup>	611.0 <sup>5</sup>	541.9	642.1	711.1	773.8
\$25,000 - \$49,999 .....	80.8	105.9	156.3	143.8	115.5	118.6
\$50,000 - \$99,999 .....	73.5	106.8	180.2	186.9	164.6	170.5
\$100,000 - \$249,999 .....	74.7	116.0	219.1	209.6	207.0	208.5
\$250,000 - \$499,999 .....	33.8	56.9	117.9	132.2	131.2	129.0
\$500,000 - \$999,999 .....	19.3	35.3	72.1	83.7	86.3	93.8
\$1,000,000 or more .....	18.3	41.2	92.2	115.9	125.8	149.4
<b>NONFARM SOLE PROPRIETORSHIPS</b>						
Receipt size						
Under \$2,500 .....	1,894.3	2,299.9	2,783.1	2,882.0	2,908.5	2,988.9
\$2,500 under \$5,000 .....	815.1	959.4	1,158.6	1,220.9	1,313.9	1,324.4
\$5,000 under \$10,000 .....	891.5	1,041.7	1,262.9	1,361.4	1,452.3	1,482.4
\$10,000 under \$25,000 .....	1,137.4	1,325.7	1,711.8	1,738.5	1,916.6	2,036.4
\$25,000 under \$50,000 .....	746.4	849.5	1,079.1	1,117.1	1,187.0	1,261.3
\$50,000 under \$100,000 .....	562.0	644.5	835.6	843.6	919.3	1,061.3
\$100,000 under \$200,000 .....	297.4	380.9	795.8	838.3	888.7	984.4
\$200,000 under \$500,000 .....	122.3	209.2				
\$500,000 under \$1,000,000 .....	20.8	35.3	73.9	68.1	82.9	86.1
\$1,000,000 or more .....	6.6	13.5	29.2	35.6	34.9	36.8

See notes following Table 14.

**Table 7.—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Income Years, 1970-1984**

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Items	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns, total</b> .....	<b>1,665,477</b>	<b>2,023,647</b>	<b>2,710,538</b>	<b>2,925,933</b>	<b>2,999,071</b>	<b>3,170,743</b>
Number with net income .....	1,008,337	1,226,208	1,596,632	1,608,363	1,676,288	1,777,770
Consolidated returns <sup>1</sup> .....	19,871	38,307	57,890	73,029	73,645	80,256
S Corporation returns <sup>1,2</sup> .....	257,475	358,413	545,389	564,219	648,267	701,339
DISC returns <sup>1,3</sup> .....	N/A	6,431	8,665	9,663	9,898	12,480
<b>Total assets</b> .....	<b>2,634,706,564</b>	<b>4,286,556,273</b>	<b>7,617,238,403</b>	<b>9,354,138,695</b>	<b>10,201,084,144</b>	<b>11,106,701,948</b>
Cash .....	176,924,573	290,426,439	528,914,747	540,079,588	590,386,817	595,773,262
Notes and accounts receivable .....	614,667,367	1,051,542,806	1,984,601,790	2,420,475,398	2,677,367,962	2,896,980,896
Less: Allowance for bad debts .....	20,030,327	31,032,998	50,057,307	46,645,987	51,162,613	54,341,671
Inventories .....	190,401,642	317,718,545	534,806,547	581,241,455	599,445,162	664,243,060
Investments in Government obligations .....	196,625,390	316,131,699	472,059,737	605,513,662	685,146,228	725,695,801
Other current assets .....	73,058,482	145,101,716	310,177,160	436,507,859	433,594,597	513,743,712
Loans to stockholders .....	4,774,082	9,355,636	29,873,250	38,304,326	47,836,294	58,543,009
Mortgage and real estate loans .....	327,593,354	548,054,483	894,323,489	940,604,903	982,415,018	1,126,962,114
Other investments .....	401,389,022	626,266,074	1,213,986,210	1,604,730,616	1,798,295,351	1,972,830,815
Depreciable assets .....	868,908,018	1,276,564,500	2,107,027,914	2,583,060,326	2,730,371,698	2,913,301,626
Less: Accumulated depreciation .....	334,646,086	483,798,526	767,841,763	942,704,683	1,024,756,282	1,116,171,771
Depletable assets .....	18,517,264	38,511,396	71,901,490	94,149,731	107,958,232	114,808,431
Less: Accumulated depletion .....	6,774,796	14,501,561	19,569,556	29,442,570	32,682,172	36,340,299
Land .....	46,626,157	66,819,206	92,931,935	110,318,941	119,350,378	128,269,064
Intangible assets (amortizable) .....	12,818,168	12,823,183	45,480,694	81,178,989	87,852,590	117,467,829
Less: Accumulated amortization .....	5,984,184	4,491,990	18,393,037	24,869,273	25,062,592	36,190,604
Other assets .....	69,838,438	121,065,665	187,015,106	361,635,417	474,727,482	521,126,077
<b>Total liabilities</b> .....	<b>2,634,706,564</b>	<b>4,286,556,273</b>	<b>7,617,238,403</b>	<b>9,354,138,695</b>	<b>10,201,084,144</b>	<b>11,106,701,948</b>
Accounts payable .....	148,812,597	263,417,584	542,172,368	678,630,282	671,495,438	741,372,874
Mortgages, notes, and bonds payable in less than 1 year .....	170,884,261	272,123,551	504,802,288	667,060,956	759,536,076	866,546,604
Other current liabilities .....	892,218,397	1,577,425,991	2,706,796,360	3,220,099,515	3,513,512,199	3,760,174,725
Loans from stockholders .....	24,573,814	38,143,936	85,718,510			
Mortgages, notes, and bonds payable in 1 year or more .....	362,700,303	586,703,526	986,663,932	1,224,277,725	1,323,209,421	1,494,350,573
Other liabilities .....	283,106,029	451,676,880	846,696,691	977,072,770	1,156,873,507	1,214,879,371
Capital stock .....	201,213,719	251,715,862	417,153,783	658,259,634	787,278,549	839,344,147
Paid-in or capital surplus .....	196,642,421	298,534,854	532,039,407	782,269,156	873,620,667	1,066,288,359
Retained earnings, appropriated .....	16,657,051	29,955,676	41,461,644	54,727,615	52,538,370	51,100,507
Retained earnings, unappropriated .....	349,225,750	537,631,026	1,027,902,049	1,173,094,293	1,221,793,087	1,256,771,201
Less: Cost of treasury stock .....	11,327,778	20,772,613	74,168,627	198,777,714	289,799,122	329,376,924
<b>Total receipts</b> .....	<b>1,750,776,503</b>	<b>3,198,627,860</b>	<b>6,361,284,012</b>	<b>7,024,097,766</b>	<b>7,135,494,059</b>	<b>7,860,711,226</b>
Business receipts .....	1,620,886,576	2,961,729,640	5,731,616,337	6,156,994,009	6,334,602,711	6,948,481,893
Interest on State and local Government obligations .....	3,775,917	6,711,606	12,620,876	14,124,877	16,667,263	16,613,501
Other interest .....	67,794,508	136,587,304	354,243,674	515,628,874	496,648,009	556,537,974
Dividends received from domestic corporations .....	5,238,421	8,818,282	18,654,800	18,155,559	19,696,776	21,185,391
Dividends received from foreign corporations .....	3,466,515	5,467,726	14,563,353	13,950,908	13,892,070	15,373,474
Rents .....	13,938,502	21,765,130	41,371,141	69,614,109	69,580,411	75,834,113
Royalties .....	2,586,387	5,167,141	12,450,250	13,437,404	13,876,095	14,535,929
Net short-term capital gain reduced by net long-term capital loss .....	190,439	301,601	2,013,510	2,882,207	5,048,854	3,233,999
Net long-term capital gain reduced by net short-term capital loss .....	5,481,580	8,364,523	24,910,957	26,318,184	33,924,549	38,518,792
Net gain, noncapital assets .....	5,315,562	7,757,287	20,117,615	20,992,023	26,134,711	26,506,096
Other receipts .....	22,102,096	35,957,620	128,721,498	171,999,616	105,422,613	133,948,728

**Table 7. (Continued)—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Income Years, 1970-1984**

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Items	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total deductions.</b>	<b>1,682,778,847</b>	<b>3,052,674,597</b>	<b>6,125,365,155</b>	<b>r6,869,226,020</b>	<b>6,945,457,358</b>	<b>7,628,772,166</b>
Cost of sales and operations	1,146,263,273	2,129,928,467	4,204,905,905	4,270,850,310	4,308,238,989	4,692,505,746
Compensation of officers	32,846,381	57,832,552	108,973,751	129,481,025	141,193,212	157,028,565
Repairs	13,986,819	23,422,171	42,407,967	72,524,061	74,652,495	76,367,591
Bad debts	6,479,814	13,781,147	18,769,771	r26,639,271	30,543,184	33,803,267
Rent paid on business property	23,842,355	40,769,829	71,990,832	94,917,540	104,717,965	119,476,469
Taxes paid	49,523,243	81,530,302	163,003,622	165,888,353	173,420,116	191,748,629
Interest paid	62,055,010	129,307,921	344,612,542	515,032,667	475,060,444	535,819,101
Contributions or gifts	797,029	1,202,130	2,358,554	2,906,476	3,626,605	4,057,112
Amortization	745,005	717,398	1,374,658	r3,774,896	4,309,952	5,170,089
Depreciation	52,941,266	86,295,664	157,345,828	213,179,160	241,491,819	264,882,261
Depletion	5,623,339	5,341,489	8,871,993	7,021,176	7,574,216	8,051,260
Advertising	18,089,097	26,605,786	52,266,004	64,987,632	72,393,870	82,023,440
Pension, profit-sharing, stock bonus, and annuity plans	12,225,912	26,526,129	51,529,310	54,232,011	54,355,062	52,555,188
Employee benefit programs	7,398,283	15,690,563	40,179,104	51,838,884	59,115,141	64,547,638
Net loss, noncapital assets	1,289,305	1,804,079	5,903,104	10,367,020	7,615,697	9,647,008
Other deductions	248,672,716	411,918,970	850,872,216	1,185,585,538	1,187,148,601	1,331,088,812
<b>Total receipts less total deductions.</b>	<b>67,997,656</b>	<b>145,953,263</b>	<b>235,918,858</b>	<b>154,768,854</b>	<b>190,036,702</b>	<b>231,939,061</b>
Constructive taxable income from related foreign corporations	1,679,875	3,395,169	15,708,560	13,628,716	14,944,490	17,575,037
Net income (less deficit)	65,901,614	142,636,826	239,006,542	r154,272,693	188,313,928	232,900,596
Net income	83,710,924	169,483,336	296,787,201	r274,291,492	296,932,146	349,179,415
Deficit	17,809,310	26,846,510	57,780,659	120,018,799	108,618,218	116,278,819
Income subject to tax	72,374,437	146,589,287	246,598,486	205,175,407	218,686,396	257,054,060
Income tax, total	33,293,018	66,144,308	105,142,436	86,766,154	92,218,567	107,968,407
Regular and alternative tax	32,949,937	65,769,822	103,831,172	85,077,493	90,461,858	106,013,271
Tax from recomputing prior-year investment credit	77,832	217,138	867,571	1,181,074	1,175,071	1,382,945
Tax from recomputing prior-year work incentive (WIN) credit	N/A	608	4,873	N/A	N/A	N/A
Additional tax for tax preferences	265,249	156,740	438,820	478,457	561,505	544,863
Foreign tax credit	4,548,986	19,987,724	r24,879,737	r18,932,390	19,951,165	21,075,296
U.S. possessions tax credit	N/A	N/A	1,565,681	2,026,980	1,583,007	1,978,578
Investment credit	865,954	6,459,746	15,102,812	17,342,890	16,145,173	(6)
Work incentive (WIN) credit	N/A	5,321	36,483	29,020	N/A	N/A
Jobs credit	N/A	N/A	601,444	r321,863	449,224	N/A
Nonconventional source fuel credit	N/A	N/A	2	6,787	33,012	69,695
Alcohol fuel credit	N/A	N/A	4	600	7,178	(6)
Research activities credit	N/A	N/A	N/A	839,220	1,277,474	1,589,048
Employees stock ownership credit	N/A	N/A	N/A	14,450	909,880	(6)
Orphan drug credit	N/A	N/A	N/A	N/A	*236	*105
General business credit	N/A	N/A	N/A	N/A	N/A	19,265,475 <sup>o</sup>
Distributions to stockholders:						
Cash and property except in own stock	32,012,677	45,224,392	97,378,617	r131,499,537	128,298,545	144,871,643
Corporation's own stock	1,922,810	2,066,559	3,525,549	3,642,024	4,810,283	5,889,191

See notes following Table 14.

**Table 8.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division for Selected Income Years, 1970-1984**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Industrial division and items	1970	1975	1980	1982 <sup>1</sup>	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>AGRICULTURE, FORESTRY AND FISHING</b>						
Number of returns, total	37,283	56,280	80,883	91,320	92,125	98,361
Number with net income	19,843	33,328	43,827	47,858	47,636	500,037
Total assets	11,909,403	21,177,941	40,738,977	50,409,537	50,292,891	50,699,926
Net worth	4,012,068	6,844,949	11,460,935	14,119,922	13,559,332	14,310,555
Total receipts	14,277,707	28,118,514	52,089,915	65,356,911	59,208,642	66,645,119
Business receipts	13,591,763	26,624,149	48,850,056	60,643,550	55,114,507	62,093,338
Interest received	69,742	171,732	476,654	758,699	r677,378	723,118
Total deductions	14,209,713	27,369,286	51,418,280	65,442,003	59,386,796	66,436,289
Cost of sales and operations	10,555,539	19,738,447	35,798,332	43,222,379	38,308,491	42,991,472
Interest paid	356,225	797,420	2,184,441	3,048,844	2,866,689	2,952,198
Net income (less deficit)	65,295	746,908	673,158	-86,418	-196,528	202,522
Net income	493,400	1,493,168	2,464,381	2,528,479	2,499,829	2,874,899
Deficit	428,105	746,260	1,791,222	2,614,897	2,696,357	2,672,377
Income tax before credits	113,115	351,059	533,768	490,228	430,119	509,081
Total income tax after credits <sup>2</sup>	107,023	294,584	422,356	375,422	313,537	373,115
Distributions to stockholders except in own stock	65,824	244,524	304,733	409,070	172,301	417,177
<b>MINING</b>						
Number of returns, total	14,465	14,242	25,576	36,676	37,066	40,564
Number with net income	7,303	8,297	12,698	15,950	15,526	18,177
Total assets	23,972,812	64,505,341	126,947,880	192,380,473	194,417,434	209,036,474
Net worth	13,381,821	32,765,690	54,068,148	79,876,480	85,602,456	94,335,000
Total receipts	17,747,750	65,909,994	176,672,390	203,098,557	132,419,750	123,496,633
Business receipts	16,699,586	63,670,496	167,397,918	191,152,749	122,510,903	111,030,063
Interest received	176,728	522,757	1,301,266	2,695,216	r2,529,873	3,089,562
Total deductions	15,927,348	42,348,765	169,051,624	203,045,736	134,305,739	124,627,966
Cost of sales and operations	9,955,600	30,171,612	116,989,880	151,521,066	85,540,564	74,213,000
Interest paid	388,032	1,166,182	3,440,080	7,623,777	6,763,864	7,077,300
Net income (less deficit)	1,834,315	23,574,833	7,750,561	543,578	-1,586,098	-353,185
Net income	2,399,507	24,347,893	10,133,685	8,429,100	5,929,343	6,991,815
Deficit	565,192	773,060	2,383,124	7,885,522	7,515,441	7,344,999
Income tax before credits	1,031,550	11,361,037	3,947,569	3,203,406	2,100,692	2,381,154
Total income tax after credits <sup>2</sup>	342,928	1,051,138	1,674,566	1,282,044	722,353	1,014,361
Distributions to stockholders except in own stock	1,177,550	1,015,895	4,757,780	3,926,230	2,710,318	3,057,411
<b>CONSTRUCTION</b>						
Number of returns, total	138,905	191,219	272,432	282,345	283,519	306,906
Number with net income	82,078	108,852	150,368	138,783	150,138	173,351
Total assets	42,719,792	76,691,947	132,939,026	153,085,046	161,365,795	195,272,738
Net worth	11,819,604	19,029,077	32,826,174	38,934,496	41,540,682	50,338,974
Total receipts	90,610,644	146,955,117	267,205,356	281,747,868	290,798,843	338,575,635
Business receipts	88,945,385	143,412,715	260,387,692	271,633,721	280,896,210	326,752,784
Interest received	219,698	614,583	2,073,650	3,137,599	r2,762,556	3,540,430
Total deductions	89,070,022	144,717,309	262,116,275	279,555,128	288,574,577	335,696,154
Cost of sales and operations	73,434,969	116,845,554	208,064,925	212,698,363	221,189,268	257,057,538
Interest paid	711,496	1,973,244	4,278,502	5,455,056	4,861,075	5,990,178
Net income (less deficit)	1,538,418	2,236,262	5,271,209	2,323,952	2,365,564	2,906,704
Net income	2,548,013	4,514,864	8,911,143	8,106,061	7,990,419	9,147,150
Deficit	1,009,595	2,278,602	3,639,934	5,782,109	5,724,855	6,240,445
Income tax before credits	776,979	1,320,196	2,521,507	2,069,718	1,859,927	1,767,756
Total income tax after credits <sup>2</sup>	756,637	1,131,960	1,973,659	1,578,330	1,393,042	1,296,301
Distributions to stockholders except in own stock	299,204	464,553	793,764	916,690	846,579	738,873
<b>MANUFACTURING</b>						
Number of returns, total	197,807	217,354	242,550	259,106	261,927	272,050
Number with net income	120,814	136,839	153,640	146,415	152,304	162,584
Total assets	612,912,516	944,581,970	1,709,471,700	2,060,710,683	2,232,987,922	2,417,631,605
Net worth	308,923,293	442,587,674	749,186,774	896,871,144	953,108,742	1,025,028,491
Total receipts	722,952,890	1,296,359,650	2,404,323,844	2,488,331,915	2,552,830,718	2,768,247,655
Business receipts	700,090,661	1,258,338,650	2,301,056,550	2,357,973,059	2,418,344,305	2,608,971,901
Interest received	4,748,499	8,691,092	28,315,784	38,134,480	r37,958,034	42,749,996
Total deductions	692,455,462	1,230,689,496	2,290,593,808	2,423,254,936	2,469,257,725	2,661,153,853
Cost of sales and operations	495,879,549	925,111,030	1,707,143,900	1,660,537,002	1,678,378,729	1,796,313,155
Interest paid	12,570,242	22,055,903	54,177,356	79,322,435	73,973,082	85,039,616
Net income (less deficit)	31,846,078	68,406,627	125,667,815	75,791,264	95,330,965	121,215,254
Net income	37,925,489	74,466,554	141,547,510	108,170,744	124,417,490	147,852,003
Deficit	6,079,411	6,059,927	15,879,695	32,379,481	29,086,525	26,636,749
Income tax before credits	16,744,905	32,306,739	59,577,413	45,015,096	50,950,876	58,542,710
Total income tax after credits <sup>2</sup>	13,242,226	21,024,964	32,729,629	26,631,933	24,960,640	30,429,379
Distributions to stockholders except in own stock	14,616,282	19,973,061	37,306,509	43,912,134	43,295,901	45,630,537

**Table 8. (Continued)—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division for Selected Income Years, 1970-1984**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>TRANSPORTATION AND PUBLIC UTILITIES</b>						
Number of returns, total	67,398	80,701	111,324	115,470	122,567	128,184
Number with net income	38,204	45,360	62,232	59,793	61,588	65,405
Total assets	287,740,207	443,236,797	758,364,400	919,861,069	998,870,785	1,084,873,718
Net worth	121,205,022	176,444,407	290,655,693	352,880,625	394,284,132	423,937,357
Total receipts	135,495,271	243,480,637	523,807,396	632,294,442	657,421,487	725,631,232
Business receipts	131,463,171	234,689,427	507,372,820	606,039,657	627,836,585	693,105,168
Interest received	930,266	1,520,913	5,760,072	9,138,892	9,491,678	11,250,353
Total deductions	127,931,131	233,409,166	503,954,285	614,397,320	638,194,372	697,240,089
Cost of sales and operations	77,743,359	143,932,463	336,868,172	338,796,961	339,191,696	373,236,459
Interest paid	7,364,200	13,761,062	27,638,591	36,839,460	36,178,550	40,178,514
Net income (less deficit)	7,543,718	10,099,571	20,046,155	18,335,959	19,492,314	28,851,644
Net income	9,471,595	12,088,189	24,917,293	27,378,633	28,040,349	37,897,899
Deficit	1,927,877	1,988,618	4,871,138	9,042,673	8,548,036	9,041,255
Income tax before credits	4,342,334	5,107,158	10,532,722	11,356,073	11,621,625	15,579,597
Total income tax after credits <sup>2</sup>	4,036,650	2,836,470	5,322,655	4,925,936	5,429,973	8,532,848
Distributions to stockholders except in own stock	5,837,565	8,900,353	17,329,807	21,438,500	24,540,824	27,505,378
<b>WHOLESALE AND RETAIL TRADE</b>						
Number of returns, total	518,062	614,632	799,628	839,547	851,785	896,524
Number with net income	339,987	399,668	487,300	468,108	492,057	516,750
Total assets	192,181,800	323,496,726	646,901,005	753,351,132	804,242,963	899,032,645
Net worth	77,002,132	122,649,734	222,289,687	251,417,098	265,222,391	289,338,722
Total receipts	522,547,923	969,938,872	1,955,523,778	2,017,701,364	2,119,444,862	2,307,612,139
Business receipts	511,316,883	951,463,550	1,919,347,689	1,972,305,356	2,071,264,407	2,250,774,641
Interest received	1,291,906	3,857,318	10,503,989	14,373,589	15,049,512	18,406,334
Total deductions	512,910,193	947,511,780	1,919,454,218	1,989,739,286	2,084,482,953	2,265,843,128
Cost of sales and operations	392,391,856	745,299,204	1,538,128,634	1,556,263,179	1,626,952,423	1,759,718,001
Interest paid	4,309,663	8,587,173	25,645,855	30,429,310	27,598,584	33,204,502
Net income (less deficit)	9,671,044	22,489,430	38,309,671	28,442,678	35,292,870	42,010,706
Net income	12,395,411	27,681,721	49,426,500	45,747,936	50,844,081	58,584,558
Deficit	2,724,367	5,192,291	11,116,829	17,305,258	15,551,210	16,573,852
Income tax before credits	4,476,047	8,103,316	13,515,653	11,372,087	12,910,870	15,082,817
Total income tax after credits <sup>2</sup>	4,237,181	7,348,619	10,552,250	9,422,188	10,653,391	12,414,978
Distributions to stockholders except in own stock	2,068,501	5,029,897	10,343,087	12,069,015	12,722,120	13,057,047
<b>FINANCE, INSURANCE AND REAL ESTATE</b>						
Number of returns, total	406,235	411,846	493,426	461,630	479,656	497,366
Number with net income	248,586	243,409	273,853	252,689	269,267	274,171
Total assets	1,401,153,520	2,321,965,956	4,022,206,073	4,987,466,401	5,487,225,439	5,938,984,929
Net worth	196,480,448	269,770,527	530,541,317	766,939,210	816,806,465	901,658,317
Total receipts	177,321,173	315,795,981	697,460,846	949,867,877	902,822,472	1,033,146,416
Business receipts	92,091,887	157,126,715	256,892,475	337,493,098	362,627,365	431,157,290
Interest received	63,694,046	127,040,303	315,146,115	456,333,537	439,937,980	497,044,327
Total deductions	161,630,060	297,963,817	652,637,787	915,164,762	856,678,689	985,687,308
Cost of sales and operations	48,434,362	84,614,209	129,644,330	169,435,694	172,818,057	213,655,427
Interest paid	34,548,509	77,677,659	219,167,684	340,960,344	310,356,963	347,164,447
Net income (less deficit)	12,214,079	11,663,330	33,122,792	21,804,088	31,714,771	32,677,046
Net income	15,081,939	18,825,003	46,040,390	57,745,075	601,135,503	66,225,666
Deficit	2,867,860	7,161,673	12,917,599	35,940,986	28,398,732	33,548,620
Income tax before credits	4,404,449	5,558,647	9,680,755	7,643,631	8,540,701	9,619,055
Total income tax after credits <sup>2</sup>	4,150,009	4,673,705	7,699,628	5,497,808	5,696,723	6,730,460
Distributions to stockholders except in own stock	7,387,211	8,729,977	24,692,146	46,504,963	41,592,101	51,315,346
<b>SERVICES</b>						
Number of returns, total	281,218	435,672	671,338	819,706	848,394	899,370
Number with net income	150,525	249,641	408,716	472,799	481,881	508,336
Total assets	61,875,140	90,534,067	178,163,737	237,876,895	269,797,251	307,895,160
Net worth	19,529,062	26,855,374	52,865,513	67,785,385	74,710,659	84,773,772
Total receipts	69,572,626	131,377,364	279,883,187	380,767,394	416,462,427	490,332,811
Business receipts	66,459,515	125,747,462	266,088,619	355,090,610	392,064,594	458,038,533
Interest received	435,070	875,506	3,269,412	5,120,807	4,880,958	6,277,591
Total deductions	68,384,452	127,996,443	271,792,974	373,717,841	410,486,562	484,990,160
Cost of sales and operations	37,733,747	63,724,869	129,352,692	135,273,962	143,277,759	170,889,613
Interest paid	1,802,802	3,279,438	8,033,612	11,265,412	11,798,141	14,068,343
Net income (less deficit)	1,198,703	3,396,744	8,193,903	7,199,258	6,002,928	5,464,130
Net income	3,384,869	6,025,592	13,246,601	16,061,222	16,959,225	19,373,912
Deficit	2,186,166	2,628,848	5,052,698	8,861,964	10,956,298	13,909,782
Income tax before credits	1,058,264	1,625,093	3,497,265	3,885,618	3,779,735	4,458,267
Total income tax after credits <sup>2</sup>	1,003,130	1,323,637	2,617,889	2,613,020	2,673,706	3,175,178
Distributions to stockholders except in own stock	558,452	855,402	1,841,945	3,269,285	2,407,362	3,126,700

See notes following Table 14.

**Table 9.—Crude Oil Windfall Profit Tax Before and After Adjustments, by Quarter, 1980-1986**

[Money amounts are in millions of dollars]

Quarter ending	Tax before adjustments	Total adjustments <sup>1</sup>	Tax after adjustments <sup>2</sup>
	(1)	(2)	(3)
<b>Total <sup>3</sup> .....</b>	<b>84,209</b>	<b>- 5,994</b>	<b>78,215</b>
March 1980 <sup>4</sup> .....	788	—	788
June 1980 .....	2,842	- 21	2,821
September 1980 .....	3,413	- 88	3,325
December 1980 .....	3,918	- 927	2,991
March 1981 .....	6,953	+ 242	7,195
June 1981 .....	7,253	- 107	7,146
September 1981 .....	6,344	- 251	6,093
December 1981 .....	6,007	- 497	5,510
March 1982 .....	5,222	- 221	5,001
June 1982 .....	4,283	- 295	3,988
September 1982 .....	4,404	- 445	3,959
December 1982 .....	4,440	- 634	3,806
March 1983 .....	3,320	- 193	3,127
June 1983 .....	2,951	- 203	2,748
September 1983 .....	2,822	- 300	2,522
December 1983 .....	2,736	- 465	2,271
March 1984 .....	2,622	- 228	2,394
June 1984 .....	2,468	- 218	2,250
September 1984 .....	2,447	- 200	2,247
December 1984 .....	2,236	- 256	1,980
March 1985 .....	1,850	- 117	1,733
June 1985 .....	1,653	- 132	1,521
September 1985 .....	1,442	- 146	1,296
December 1985 .....	1,254	- 209	1,045
March 1986 .....	541	- 83	458

See notes following Table 14.

**Table 10.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1983-1987**

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amounted collected by type of return					
	Total	Individual income taxes <sup>1</sup>	Corporation income taxes <sup>2</sup>	Excise taxes <sup>3</sup>	Employment taxes <sup>4</sup>	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
<b>FISCAL YEAR 1983 TOTAL</b> .....	<b>627,247</b>	<b>349,628</b>	<b>61,780</b>	<b>35,766</b>	<b>173,848</b>	<b>6,226</b>
October 1982 - December 1982 .....	132,205	70,312	13,404	8,498	38,404	1,588
January 1983 - March 1983 .....	150,019	86,853	11,494	8,222	41,930	1,519
April 1983 - June 1983 .....	194,431	111,721	22,027	8,947	50,219	1,516
July 1983 - September 1983 .....	150,591	80,742	14,855	10,097	43,294	1,602
<b>FISCAL YEAR 1984 TOTAL</b> .....	<b>680,475</b>	<b>362,892</b>	<b>74,179</b>	<b>38,017</b>	<b>199,210</b>	<b>6,177</b>
October 1983 - December 1983 .....	141,849	73,379	16,208	9,654	41,132	1,476
January 1984 - March 1984 .....	164,681	89,316	14,337	8,862	50,545	1,622
April 1984 - June 1984 .....	208,814	114,525	25,990	9,680	57,061	1,558
July 1984 - September 1984 .....	165,131	85,672	17,644	9,822	50,472	1,521
<b>FISCAL YEAR 1985 TOTAL</b> .....	<b>742,871</b>	<b>396,659</b>	<b>77,413</b>	<b>37,005</b>	<b>225,214</b>	<b>6,580</b>
October 1984 - December 1984 .....	155,919	79,775	17,546	9,732	47,286	1,580
January 1985 - March 1985 .....	176,324	89,325	17,350	8,650	59,352	1,647
April 1985 - June 1985 .....	233,946	136,141	24,843	9,013	62,313	1,636
July 1985 - September 1985 .....	176,682	91,418	17,674	9,610	56,263	1,717
<b>FISCAL YEAR 1986</b> .....	<b>782,252</b>	<b>416,568</b>	<b>80,442</b>	<b>33,672</b>	<b>244,375</b>	<b>7,195</b>
October 1985 - December 1985 .....	167,836	86,608	18,854	9,321	51,354	1,699
January 1986 - March 1986 .....	186,178	97,804	16,243	8,175	62,309	1,647
April 1986 - June 1986 .....	240,680	134,129	25,703	8,191	70,687	1,970
July 1986 - September 1986 .....	187,558	98,027	19,642	7,985	60,025	1,879
<b>FISCAL YEAR 1987</b>						
October 1986 - December 1986 .....	180,580	92,346	22,466	8,281	55,615	1,872

See notes following Table 14.

**Table 11.—Internal Revenue Refunds: Amount Refunded by Quarter and Fiscal Year, 1983-1987**

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total	Individual income taxes <sup>1</sup>	Corporation income taxes <sup>2</sup>	Excise taxes <sup>3</sup>	Employment taxes <sup>4</sup>	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
<b>FISCAL YEAR 1983 TOTAL</b> .....	<b>89,761</b>	<b>61,198</b>	<b>26,012</b>	<b>493</b>	<b>1,849</b>	<b>208</b>
October 1982 - December 1982 .....	9,411	1,875	7,030	58	397	52
January 1983 - March 1983 .....	23,928	16,548	6,838	108	372	62
April 1983 - June 1983 .....	46,715	38,341	7,421	194	721	38
July 1983 - September 1983 .....	9,705	4,434	4,723	133	359	56
<b>FISCAL YEAR 1984 TOTAL</b> .....	<b>85,872</b>	<b>64,629</b>	<b>17,889</b>	<b>657</b>	<b>2,486</b>	<b>211</b>
October 1983 - December 1983 .....	7,201	2,064	4,548	195	325	69
January 1984 - March 1984 .....	25,285	19,613	4,850	129	646	47
April 1984 - June 1984 .....	44,859	38,161	5,452	230	968	47
July 1984 - September 1984 .....	8,527	4,790	3,039	103	547	48
<b>FISCAL YEAR 1985 TOTAL</b> .....	<b>86,322</b>	<b>66,908</b>	<b>16,725</b>	<b>892</b>	<b>1,606</b>	<b>191</b>
October 1984 - December 1984 .....	6,729	2,246	4,177	122	138	46
January 1985 - March 1985 .....	17,664	12,808	4,286	91	439	40
April 1985 - June 1985 .....	52,376	46,370	4,701	556	702	47
July 1985 - September 1985 .....	9,551	5,484	3,561	123	326	57
<b>FISCAL YEAR 1986</b> .....	<b>94,424</b>	<b>73,078</b>	<b>18,297</b>	<b>962</b>	<b>1,800</b>	<b>287</b>
October 1985 - December 1985 .....	7,948	3,003	4,268	128	488	61
January 1986 - March 1986 .....	25,895	19,950	4,997	320	577	51
April 1986 - June 1986 .....	50,200	44,375	5,058	232	435	100
July 1986 - September 1986 .....	10,381	5,750	3,974	282	300	75
<b>FISCAL YEAR 1987</b>						
October 1986 - December 1986 .....	8,668	3,406	4,789	111	312	50

See notes following Table 14.

Table 12.—Classes of Excise Taxes by Selected Fiscal Year, 1970-1986

[Money amounts are in thousands of dollars]

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Alcohol Taxes, Total</b> .....	<b>4,746,382</b>	<b>5,350,858</b>	<b>5,704,768</b>	<b>5,402,467</b>	<b>5,398,100</b>	<b>5,647,485</b>
Distilled spirits .....	3,501,538	3,865,162	3,945,377	3,566,482	3,520,697	3,731,368
Wine .....	163,337	177,113	211,538	319,920	305,966	415,196
Beer .....	1,081,507	1,308,583	1,547,853	1,516,064	1,571,436	1,500,921
<b>Tobacco Taxes, Total</b> .....	<b>2,094,212</b>	<b>2,315,090</b>	<b>2,446,416</b>	<b>4,663,610</b>	<b>4,483,193</b>	<b>4,607,845</b>
Cigarettes .....	2,036,101	2,261,116	2,402,857	4,623,288	4,448,916	4,566,338
Cigars .....	56,834	51,226	39,500	30,372	24,294	30,418
<b>Manufacturers Excise Taxes, Total</b> .....	<b>6,683,061</b>	<b>5,516,611</b>	<b>6,487,421</b>	<b>r10,107,930</b>	<b>10,020,574</b>	<b>9,927,742</b>
Gasoline and lubricating oil .....	3,517,586	4,071,465	4,326,549	9,020,413	9,062,630	8,857,380
Tires, tubes and tread rubber <sup>1</sup> .....	614,795	697,660	682,624	423,315	242,923	285,728
Motor vehicles, bodies, parts <sup>2</sup> .....	1,753,327	662,556	1,088,696	-14,777	N/A	N/A
Recreational products .....	53,427	84,946	136,521	132,448	166,666	174,898
Black Lung taxes .....	N/A	N/A	251,288	525,422	548,356	561,158
<b>Special Fuels, And Retailers Taxes, TOTAL<sup>3</sup></b> .....	<b>257,820</b>	<b>404,187</b>	<b>560,144</b>	<b>r2,579,747</b>	<b>3,802,608</b>	<b>3,783,295</b>
Diesel and special motor fuels .....	257,712	370,489	512,718	1,571,437	2,430,165	2,613,980
Trucks and buses .....	N/A	N/A	N/A	932,645	1,289,750	1,091,356
<b>Miscellaneous Excise Taxes, Total</b> .....	<b>2,084,730</b>	<b>3,306,077</b>	<b>6,359,198</b>	<b>r13,319,322</b>	<b>11,044,833</b>	<b>15,131,146</b>
Telephone and teletype <sup>4</sup> .....	1,469,562	2,023,744	1,117,834	2,034,965	2,307,607	2,339,153
Air transportation .....	250,802	850,567	1,748,837	2,456,712	2,589,818	2,707,534
Highway use tax .....	135,086	207,663	263,272	175,054	456,143	566,675
Foreign insurance <sup>5</sup> .....	8,614	19,458	74,630	56,037	73,494	139,720
Exempt organization net investment income .....	N/A	63,828	65,280	146,806	136,153	217,191
Crude oil windfall profit .....	N/A	N/A	3,051,719	8,120,274	5,073,159	8,866,967
Environmental taxes (Superfund) .....	N/A	N/A	N/A	275,389	272,957	68,538

Selected class of tax	Fiscal year quarter ending					
	Sept. 1985	Dec. 1985	Mar. 1986	June 1986	Sept. 1986	Dec. 1986
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Alcohol Taxes, Total</b> .....	<b>1,620,598</b>	<b>r1,117,426</b>	<b>1,567,328</b>	<b>1,569,703</b>	<b>1,393,027</b>	<b>1,394,412</b>
Distilled spirits .....	1,020,068	776,644	1,048,523	1,012,792	891,958	n.a.
Wine .....	81,341	77,478	138,732	88,688	110,298	n.a.
Beer .....	519,189	261,853	380,073	468,224	390,772	n.a.
<b>Tobacco Taxes, Total</b> .....	<b>1,239,589</b>	<b>816,606</b>	<b>1,246,160</b>	<b>1,165,802</b>	<b>1,379,276</b>	<b>1,045,588</b>
Cigarettes .....	1,228,581	810,418	1,237,089	1,154,727	1,364,104	1,031,001
Cigars .....	8,966	3,651	7,315	8,844	10,608	9,063
<b>Manufacturers Excise Taxes, Total</b> .....	<b>2,299,302</b>	<b>2,148,292</b>	<b>2,525,371</b>	<b>2,850,438</b>	<b>2,403,640</b>	<b>2,606,798</b>
Gasoline and lubricating oil .....	2,050,740	1,890,306	2,275,074	2,605,913	2,086,087	2,341,860
Tires, tubes and tread rubber <sup>1</sup> .....	74,666	r76,051	74,557	60,246	74,874	76,947
Recreational products .....	41,750	46,855	41,697	42,455	43,890	43,018
Black Lung taxes .....	132,146	135,080	134,042	141,825	150,211	144,974
<b>Special Fuels And Retailers Taxes, TOTAL<sup>3</sup></b> .....	<b>1,007,787</b>	<b>931,944</b>	<b>979,041</b>	<b>906,929</b>	<b>965,381</b>	<b>915,477</b>
Diesel and special motor fuels .....	666,130	642,800	650,678	666,448	654,053	672,119
Trucks and buses, chassis, bodies, etc. ....	317,985	268,615	309,123	222,441	291,177	222,455
<b>Miscellaneous Excise Taxes, Total</b> .....	<b>3,747,992</b>	<b>4,557,274</b>	<b>4,622,109</b>	<b>3,565,175</b>	<b>2,386,588</b>	<b>1,838,554</b>
Telephone and teletype <sup>4</sup> .....	606,749	556,278	633,066	590,082	559,726	679,150
Air transportation .....	618,678	717,665	665,993	623,037	700,839	770,929
Highway use tax .....	225,423	53,447	135,774	99,743	277,711	59,958
Foreign insurance <sup>5</sup> .....	19,197	21,075	29,059	64,354	25,389	25,523
Exempt organization net investment income .....	51,566	26,073	55,476	71,659	63,984	22,318
Crude oil windfall profit .....	2,096,218	3,079,427	3,062,418	2,035,442	689,680	223,634
Environmental taxes (Superfund) <sup>6</sup> .....	71,182	68,538	N/A	N/A	N/A	N/A

See notes following Table 14.

Table 13.—Selected Returns and Forms Filed or to be Filed During Selected Calendar Years, 1970-1987

Type of return or form	Number filed in calendar year						
	1970	1975	1980	1984	1985	1986	1987 (projected)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual income .....	77,281,384	84,026,785	93,196,076	96,651,754	99,704,246	102,652,000	105,679,000
Form 1040 .....	77,143,251	61,450,279	55,360,030	61,185,893	64,010,068	66,398,000	68,682,000
Nonbusiness .....	68,129,351	51,377,153	43,957,141	47,411,432	49,873,300	51,905,000	53,724,000
Business .....	9,013,900	10,073,126	11,402,889	13,774,461	14,136,768	14,492,000	14,959,000
Schedule C .....	6,351,304	7,438,968	8,944,298	11,326,739	11,767,348	12,115,000	12,566,000
Schedule F .....	2,662,596	2,634,158	2,458,591	2,447,722	2,369,420	2,377,000	2,393,000
Form 1040A .....	N/A	22,462,776	37,692,282	19,590,110	18,779,084	18,919,100	19,320,000
Form 1040EZ .....	N/A	N/A	N/A	15,720,860	16,739,767	17,182,200	17,524,100
Other <sup>1</sup> .....	138,133	113,730	143,764	154,891	175,327	153,000	153,000
Corporation income .....	1,758,600	2,132,758	2,675,704	3,166,715	3,437,249	3,577,000	3,698,000
Forms 1120, L, and M .....	1,487,244	1,762,920	2,115,542	2,453,162	2,432,265	2,524,000	2,599,000
Form 1120A .....	N/A	N/A	N/A	N/A	199,665	207,000	213,000
Form 1120S .....	248,936	367,219	528,070	653,640	736,945	769,000	802,000
Other <sup>2</sup> .....	1,414	2,619	32,092	59,913	68,374	76,000	84,000
Partnership, Form 1065 .....	991,904	1,132,839	1,401,567	1,675,605	1,755,339	1,807,000	1,870,000
Fiduciary, Form 1041 .....	1,149,445 <sup>3</sup>	1,558,570	1,876,392	2,012,954	2,124,969	2,161,000	2,220,000
Estate Tax, Forms 706 and 706NA .....	141,156	225,827	147,303	81,334	80,768	68,000	50,000
Gift Tax, Form 709 .....	146,338	273,184	214,789	88,991	97,720	101,000	114,000
Exempt Organization .....	387,469	403,809	442,607	399,987	454,097	474,000	491,000
Form 990 .....	377,030 <sup>4</sup>	346,627	362,632	319,859	365,506	381,000	395,000
Form 990-PF .....	N/A	29,637	33,137	29,107	32,005	34,000	34,000
Form 990-T .....	5,046	19,683	23,455	25,115	26,181	28,000	29,000
Forms 990C, 4720, and 5227 .....	5,393	7,862	23,383	25,906	30,405	32,000	33,000

See notes following Table 14.

Table 14.—Taxpayers Receiving Assistance, Paid and Unpaid, by Tax Year of Return, 1982-1985

[Some estimates based on samples—all amounts are in thousands]

Type of assistance	Tax year			
	1982	1983	1984 <sup>1</sup>	1985 <sup>1</sup>
	(1)	(2)	(3)	(4)
<b>Returns with paid preparer signature:<sup>2</sup></b>				
All returns .....	42,116	43,258	45,220	46,685
1040EZ .....	428	694	728	740
1040A .....	5,701	5,144	4,470	4,389
1040, total .....	35,987	37,421	40,022	41,556
1040 Business, total .....	9,191	9,563	10,081	10,658
Nonfarm .....	7,363	7,764	8,288	8,924
Farm .....	1,828	1,800	1,793	1,734
1040 Nonbusiness, total .....	26,796	27,858	29,941	30,898
With itemized deductions .....	15,334	16,475	17,866	18,996
Without itemized deductions .....	11,462	11,383	12,075	11,902
<b>Assistance provided by IRS:<sup>3</sup></b>				
Telephone inquiries .....	39,863	42,212	41,904	38,195
Recorded telephone information .....	1,855	3,406	8,307	7,850
Office walk-ins, information .....	8,586	8,963	8,144	8,114
Written inquiries .....	148	163	160	241
Special programs:				
Community classes and seminars (taxpayers assisted) .....	40	313	400	374
Volunteer Income Tax Assistance (VITA) (returns prepared) .....	266	285	295	302
Tax Counseling for the Elderly (returns prepared) .....	145	185	199	333

See notes on following page.

General notations

N/A - Not applicable

n.a. - Not available

p - Preliminary

r - Revised

\* - See Appendix, General Description of Statistics of Income, Sample Procedures and Data Limitations.

Table 1

- [1] Includes unemployment compensation starting with 1979 and social security income starting with 1984.
- [2] Includes total itemized deductions, charitable contributions for nonitemizers, and zero bracket amount on non-itemized deductions.
- [3] Includes deductions not shown separately below.
- [4] Includes surcharge of \$2,018,078,000.
- [5] Includes credits not shown separately below.
- [6] Investment credit was included in the more-inclusive general business tax credit introduced beginning with 1984.
- [7] Includes income tax after credits and the additional tax for tax preferences, i.e., minimum tax, and alternative minimum tax.

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of law changes.

Table 2

- [1] Includes exemptions for age and blindness.
- [2] Totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. For purposes of Table 2:
  - a. Number of returns by State include, in addition to Forms 1040, 1040A and 1040EZ filed by U.S. citizens and residents, Forms 1040NR filed by nonresident aliens, as well as self-employment tax returns used in Puerto Rico and certain U.S. territories and possessions.

- b. "Total tax" liability includes total income tax plus tax from recomputing prior-year investment credit, tax applicable to Individual Retirement Arrangements (IRA's), self-employment tax, social security tax on tip income, and certain other income-related taxes. Total tax is before reduction by earned income credit (see also footnote (c), below).
- c. Earned income credit, available to certain low-income workers, could result in a refund (1) if there was no "total tax" (as defined in footnote (b), above), in which case the full amount was refundable, or (2) if the credit exceeded "total tax," in which case the excess was refundable. The difference between columns 19 and 21 is the refundable portion.

Total tax (column 16) minus earned income credit (column 21) is the amount most comparable to total tax in Tables 1 and 3. The total tax which results from this subtraction differs from Tables 1 and 3 because it includes additional taxes (see footnote (b), above) and because earned income credit used to offset tax (column 21) also includes amounts offset against these additional taxes.

- [3] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by servicemen and women stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns filed and processed through the Individual Master File (IMF) system during Calendar Year 1986. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Software Division, IMF Returns Systems Branch.

Table 3

- [1] Includes income tax after credits and the additional tax for tax preferences, i.e., minimum tax, and alternative minimum tax.
- [2] Social security income was included in adjusted gross income for Tax Years 1984 and 1985.
- [3] For many taxpayers in this size class includes additional tax for tax preferences not included in "taxable income."

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the

data. See the specific *Statistics of Income* reports for a description of sampling error and of law changes.

**Table 4**

- [1] Includes breakeven businesses.

SOURCE: *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of law changes.

**Table 5**

- [1] Total assets, total liabilities and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.
- [2] Short-term debt is the abbreviated title given to mortgages, notes and bonds payable in less than 1 year.
- [3] Long-term debt is the abbreviated title given to mortgages, notes and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.
- [4] See footnote 4 Table 6, for changes in the comparability of the statistics for receipts and deductions starting with 1981. Also, statistics for interest received are combined with dividends beginning with 1982.
- [5] Beginning with 1981, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (plus depreciation identified in cost of sales and operations schedules).

SOURCE: *Statistics of Income—Partnership Returns*, appropriate years, and *SOI Bulletin*, Summer issues. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of law changes.

**Table 6**

- [1] Size classes are based on business receipts, i.e., gross amounts from sales and operations, for industries except finance, insurance and real estate. For the latter industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, see also footnote 3, below.

- [2] Includes returns with no receipts as defined in footnote 1.

- [3] Includes corporations with zero assets and liabilities.

- [4] Beginning with 1981, "total receipts" in Table 5 includes, in part, only the net income or loss from farming and rentals. Previously, "total receipts" included the gross receipts from farming and rentals and, if rental receipts were the principal source of total receipts, they were treated as "business receipts" for the statistics. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made for 1981–82 to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 6.

In Table 5, since only the net income or loss from farming and rentals was included starting with 1981, the deductions reported in computing these net incomes are excluded from the deduction statistics. For previous years, these deductions are reflected in the deduction statistics.

- [5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under \$25,000" asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years, *Statistics of Income—Partnership Returns*, appropriate years, *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues. Tax law changes affect the year-to-year comparability of the data. See the appropriate *Statistics of Income* reports for a description of sampling error and of law changes.

**Table 7**

- [\*] Estimate should be used with caution because of the small number of sample returns on which it is based.
- [1] Included in "Number of returns, total" and "Number with net income."
- [2] Corporations with no more than 10 shareholders (35 beginning with 1983), most of them individuals, electing to be taxed at the shareholder level.
- [3] Domestic International Sales Corporations were taxed through parent corporations when profits were distributed or deemed distributed to them.

[4] Includes dividends reported in combination with interest on Form 1120-S by Small Business Corporations electing to be taxed through shareholders. Based on prior years, when Form 1120-S required each to be reported separately, nearly all of the combined amount represents interest.

[5] Includes a surcharge of \$784,437,000.

[6] Includes alcohol fuel, investment, jobs and employee stock ownership (ESOP) credits.

NOTES: Detail may not add to totals because of rounding.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the appropriate *Statistics of Income* reports for a description of sampling error and of law changes.

**Table 8**

[1] Revisions shown in Table 7 for total assets, total liabilities, net income (less deficit), net income, total income tax after credits and distributions to stockholders except in own stock, were not tabulated by industry.

[2] Includes additional tax for tax preferences (minimum tax), tax from recomputing prior-year investment credit and Personal Holding Company tax.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the appropriate *Statistics of Income* reports for a description of sampling error and of law changes.

**Table 9**

[1] Adjustments were for under- or over-withholding of tax from previous quarters that the depositing or withholding agent (usually the first purchaser of the oil after extraction) corrected by adjusting amounts withheld in succeeding quarters or, more frequently, because of application of the net income limitation. (Windfall profit subject to tax was limited in that it could not exceed 90 percent of the net income attributable to a barrel of oil.)

[2] Quarterly totals for tax liability after adjustments from Forms 6047 differ from the quarterly totals of tax collected (Table 12) because of the time elapsed between the close of the quarter to which the tax liability data relate and the quarter in which the Forms 6047 were actually processed through the IRS Business Master

File system and the tax collected. Therefore, collection data for a specific quarter may include data for more than one quarter and, correspondingly, exclude data for the same reason. As a result, the data in Tables 9 and 12 are not directly comparable.

[3] Crude Oil Windfall Profit Tax Act of 1980 provided for a gradual 33-month phaseout of the tax, beginning in January 1988, if \$227.3 billion in tax (after certain income tax adjustments not reflected in columns 2 and 3) was realized by that time; otherwise the phaseout was to begin no later than January, 1991.

[4] Windfall profit excise tax was first applicable to domestic crude oil extracted after February 1980. Therefore, data for the quarter ended March 1980 are for the month of March only.

SOURCE: Internal Revenue Service, *Statistics of Income Division*. For quarters ending March 1980 through December 1985, see the *SOI Bulletin*, quarterly issues, Fall 1981 through Fall 1986. Data for 1986 and thereafter will be published annually in the Fall issues of the *Bulletin* starting in 1987. Tax law changes affect the comparability of the data over the time periods shown. See specific issues of the *SOI Bulletin* for a description of these law changes and of the samples on which the statistics were based.

**Tables 10 and 11**

[1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fiduciary income tax collected (from estates and trusts). Fiduciary income tax collected was \$4.5 billion in 1986, \$4.1 billion in 1985, \$2.9 billion in 1984, and \$2.7 billion in 1983. Presidential election campaign designations amounted to \$35.9 million in 1986, \$34.8 million in 1985 and 1984, and \$35.5 million in 1983.

[2] Corporation income tax collected includes various taxes applicable to tax-exempt organizations, including the tax on "unrelated business income." Total taxes collected from tax-exempt organizations were \$153.0 million (1986), \$69.8 million (1985), \$50.0 million (1984), and \$45.1 million (1983).

[3] Excise taxes are imposed on selected products, services and activities, such as those on alcohol and tobacco products and the windfall profit tax on domestically-produced crude oil.

[4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retirement and unemployment taxes; plus the self-employment tax imposed on "self-employment income."

NOTES: Collections (or refunds) are those made during the time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable, income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of examination and enforcement activities). Collections also include interest and penalties.

Refunds result chiefly from tax overpayments determined at time of filing a return. Included are amounts subsequently determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from future taxable years); or as a result of initial return processing or of examination and other activities. Individual income tax refunds are net of offsets under laws which requires IRS to act as collection agent for delinquent payments owed various U.S. agencies under specific programs. All refund data include interest paid by IRS.

Detail may not add to totals because of rounding.

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch.

**Table 12**

- [1] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, and dealers holding taxable tires were assessed a one-time floor stock tax.
- [2] Effective January 7, 1983, the excise taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, motor vehicles are excluded.
- [3] Special fuels, total includes diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970. Beginning with the quarter ending December 1983, motor vehicles are included.
- [4] Effective January 1, 1983, the excise tax increased from 1 percent to 3 percent.
- [5] The negative amounts are due to refunds of this tax under the United States - United Kingdom Income Tax Treaty, which provides for an exemption from the tax retroactive to January 1, 1975. Also, a similar United States - France treaty provides for an exemption retroactive to January 1, 1979.

- [6] Expired September 30, 1985 (P.L. 96-510).

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. For 1980-86, the fiscal year was defined as October of the previous calendar year through September of the year noted.

Additional detail is published in the *Annual Report of the Commissioner and Chief Counsel, Internal Revenue Service*.

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch.

**Table 13**

- [1] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS.
- [2] Includes Forms 1120F, 1120 POL, and 1120H.
- [3] Includes Form 1041A.
- [4] Includes Form 990A.

SOURCE: Internal Revenue Service, Research Division, Projections and Forecasting Group.

**Table 14**

- [1] Estimates of returns with paid assistance for 1984 and earlier years are based on the full-year sample of returns used for *Statistics of Income—Individual Income Tax Returns*. For 1985, the estimates are projections based on the 1985 Statistics of Income Preliminary Data File and extra-polation from the 1985 Taxpayer Usage Study (TPUS) sample. For additional information about the TPUS sample, see the Summer 1986 issue of the *SOI Bulletin*.
- [2] 1984 projections are based on converting 1984 Taxpayer Usage Study sample (TPUS) to the equivalent of the *Statistics of Income (SOI)* sample. This was done because the TPUS sample represents returns filed through April, while the SOI sample represents all individual income tax returns filed for a calendar year. For additional information about the TPUS sample, see the Summer 1985 issue of the *SOI Bulletin*.
- [3] Data on IRS Taxpayer Service Programs are collected on a fiscal-year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during the fiscal year and are for the tax year ending with the previous December. Therefore, data in Table 13, which are presented on a tax year basis are actually for a fiscal year, e.g., data shown as for Tax Year 1985 are actually for Fiscal Year 1986.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

SOURCE: Data on paid preparers obtained from Statistics of Income and Taxpayer Usage Study samples. Data on IRS assistance were compiled by the Taxpayer Service Division.

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# Appendix\*

## General Description of Statistics of Income Sample Procedures and Data Limitations

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see the References at the end of this Appendix). More technical information is available, upon request, by writing to the Director, Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

### SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. The samples are based on such criteria as: industry, presence or absence of a return form schedule, accounting period, State from which filed and various income factors or other measures of economic size (such as total assets in the case of corporations).

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the allowable total cost or predetermined size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master File based on the taxpayer identification number (TIN) which is either the social security number (SSN) or the employer identification number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise it is counted (for estimation purposes) but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designed from one year's sample are for the most part selected for the next year's, so that a very high proportion of the returns selected in the current sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from 1 year to the next.

### METHOD OF ESTIMATION

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. "Weights" are used to adjust for the various sampling rates used—the lower the rate, the larger the weight.

The data on each return in a stratum are then multiplied by that weight. To produce the tabulated estimates, these weighted data are summed to produce the published statistical totals.

### SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The stand-

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\*Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Team Leader. Major contributions were made by Paul McMahon, Corporation Statistics Branch, Operations Section.

ard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02, then the following arithmetic procedure would be followed to construct a 68 percent confidence interval estimate:

15,000	(sample estimate)
× 0.02	(coefficient of variation)
= 3,000	(standard error of estimate)

150,000	(sample estimate)
+ or - 3,000	(standard error)
= 147,000-153,000	(68% confidence interval)

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning confidence intervals, including the approximation of CV's for combined sample estimates, may be obtained on request by writing the Director, Statistics of Income Division.

Generally in the SOI Bulletin only conservative upper limit CV's are provided for frequency estimates. These do, however, provide a rough guide to the order of magnitude of the sampling error.

### **NONSAMPLING ERROR CONTROLS AND LIMITATIONS**

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer

reporting errors, processing errors, and effects of an early cut-off of sampling. More extensive information on nonsampling error is presented in SOI reports, when appropriate.

In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during statistical "editing" in order both to improve data consistency from return to return and to achieve definitions of the data items that are more in keeping with the needs of major users. In some cases not all of the data are available from the tax return as originally filed. Sometimes the missing data can be obtained through field followup. More often though, they are obtained through imputation methods. As examples, other information in the return or in accompanying schedules may be sufficient to enable an estimate to be made; prior-year data for the same taxpayer may be used for the same purpose; or data from another return for the same year that has similar characteristics may be substituted. Research to improve methods of imputing data that are missing from returns continues to be an ongoing process [1].

Quality of the basic data abstracted from the returns is subjected to a number of quality control steps including 100-percent key verification. The data are then subjected to many tests based on the structure of the tax law and the improbability of various data combinations. Records failing these tests are then subjected to further review and any necessary corrections are made. In addition, the Statistics of Income Division in the National Office conducts an independent reprocessing of a small subsample of statistically-processed returns as a further check.

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

### **TABULAR CONVENTIONS**

Estimates of frequencies and money amounts that are considered unreliable due to the small sample size on which they are based are noted by an asterisk (\*) to the left of the data item(s) in the tabulations. The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100-percent rate.

Whenever a weighed frequency in a data cell is less than 3, the estimate is either combined with other cells or deleted in order to avoid disclosure of information about individual taxpayers or businesses [3]. These combinations and deletions are indicated by a double asterisk (\*\*).

## NOTES

- [1] For an example of the recent SOI Division research, see Hinkins, S., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in 1984 Proceedings: American Statistical Association, Section on Survey Research Methods p. 245. Other research efforts are included in Statistical Uses of Administrative Records: Recent Research and Present Prospects, Volume 1, pages 179-184, Internal Revenue Service, March 1984.
- [2] Quality control activities for all SOI studies will be published in a series of forthcoming reports. These reports will provide detailed information relating to quality in all phases of SOI processing.
- [3] In the case of geographic statistics, steps to avoid disclosure are taken when a weighted frequency is less than 10.

## REFERENCES

For information about the samples used for specific SOI programs see:

*Individual Income Tax Returns, 1983*, (see especially pages 4-7).

*Statistics of Income—1982, Corporation Income Tax Returns* (see especially pages 9-15).

*Statistics of Income—1978-82, Partnership Returns* (see especially pages 237-244).

*Statistics of Income—1979-83, Compendium of Studies of International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns* (see information about the samples used at the end of each chapter)

*SOI Bulletin* (see each issue).

**USER SURVEY**  
**SOI BULLETIN Spring 1987**

Please take a few moments to answer the following questions concerning this *Statistics of Income* publication. Your responses will enable us to direct our efforts to meeting the needs of our users. After indicating your responses, please cut, tape, and mail. No postage or envelope is required. Thank you for your cooperation.

1. How did you obtain this publication?

- ☐ Purchased from the Government Printing Office      ☐ Subscription      ☐ Single copy  
☐ From a public library  
☐ From a university or college library  
☐ Other (Specify) \_\_\_\_\_

2. Have you ever used any other *Statistics of Income* publication?

- ☐ Yes (Specify) \_\_\_\_\_  
☐ No

3. What subject matter in the report interests you particularly?

- ☐ High-Income Returns, 1984      ☐ Environmental Taxes, 1981-85  
☐ Nonprofit Charitable Organizations, 1983      ☐ Estate Tax Returns Revisited, 1916-31  
☐ Private Activity Tax-Exempt Bonds, 1985      ☐ Selected Statistical Series, 1970-87

4. Which table(s) in the Selected Statistical Series did you find helpful to your needs?

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Individual income tax returns | <input type="checkbox"/> Business returns                   | <input type="checkbox"/> Classes of excise taxes        |
| <input type="checkbox"/> Income and tax data by state  | <input type="checkbox"/> Corporation industry statistics    | <input type="checkbox"/> Number of returns filed        |
| <input type="checkbox"/> Individual average tax rates  | <input type="checkbox"/> Corporation income tax returns     | <input type="checkbox"/> Taxpayers receiving assistance |
| <input type="checkbox"/> Sole proprietorship returns   | <input type="checkbox"/> Gross Internal Revenue collections | <input type="checkbox"/> Crude oil windfall profit tax  |
| <input type="checkbox"/> Partnership returns           | <input type="checkbox"/> Internal Revenue refunds           |   |

5. If microdata files on computer tape were available in these subject matter areas, would you be interested in purchasing them?

- ☐ Yes      ☐ No

If yes, which area(s)? (Specify) \_\_\_\_\_

6. How would you describe the useability of the text?

- ☐ Too technical      ☐ About right  
☐ Not detailed enough      ☐ Did not use text

7. What type of organization are you connected with?

- |   |  |
|---|--|
| <input type="checkbox"/> Federal government           | <input type="checkbox"/> Consulting firm       |
| <input type="checkbox"/> State or local government    | <input type="checkbox"/> Accounting firm       |
| <input type="checkbox"/> Trade association            | <input type="checkbox"/> University or college |
| <input type="checkbox"/> Other nonprofit organization | <input type="checkbox"/> Legal firm            |
| <input type="checkbox"/> Other (Specify) _____        |  |

8. What changes (additions, deletions, alterations) would you like to see in the contents or format of this publication?

9. Other comments (Use other side if needed.)

9. Other comments

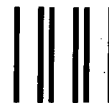
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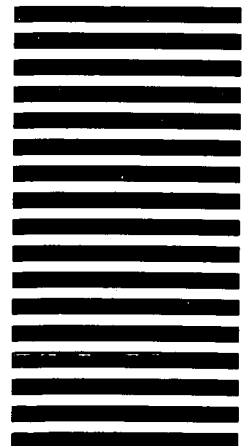
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